

IMPACT OF ORGANIZATIONAL CULTURE ON CYBERNETIC CONTROLS – A PRACTICE PERSPECTIVE

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Abstract

The purpose of this thesis is to examine the impact of organizational culture on cybernetic controls: budget, financial measures, non-financial measures, and hybrids. The goal is to provide management accounting research information on an under-researched topic of impact of organizational culture impact on accounting-based management controls. The findings of this study are based on a qualitative case study of a company operating within automotive industry. The empirical material of this study consists of nine semi-structured interviews conducted in the headquarters of the case company. The aim of this thesis is to provide a rich description of the examined phenomena.

The research findings indicated that organizational culture, and its impact on cybernetic control practices, could be described using the practice theory-based concepts of anchor practices and practice organizing elements. The study showed that the anchor practice of silo-like thinking strongly influenced on cybernetic control practices. While the subsidiary practice – the thought of going well, reinforced the anchor practice and operated as a factor that decreased the need for change. The findings of the case study then indicated that in some organizations anchor practices might emerge as cultural anchor practices, which are of un-bureaucratic and passive character. Findings indicate that anchor practices then may emerge in organizations as socio-cultural phenomena without management's deliberate intention. Then, multiple cybernetic control practices' organizing elements were identified to be engineering-based. The findings of the study also indicated that the impact of organizational culture on cybernetic controls could be described on a broader level using anchor practices concept, while the concept of practice organizing elements could be more suitable to examine cultural aspects on a deeper level. Finally, the findings of this study suggested that the overall character of anchor practices might be influenced by the specifics of the industry and the level of competition experienced by the organization.

This case study has been a single case qualitative study, practical findings of which are highly specific to the organizational context of the studied case company. The case study has aimed for theoretical generalization, and then to provide management accounting research more information on practice based theoretical models within the accounting context, and especially, in relation to studying organizational cultures. The originality and value of his thesis is that it is of one of the first publications to study impact of organizational culture on cybernetic controls using a practice based theoretical approach. The practical implications of this thesis are that organizational culture's overarching impact on accounting-based controls could be better recognized within organizations by using the concept of anchor practices, but also by using the notion of general practice organizing elements that are considered to be shared among multiple organizational practices.

Keywords MCS, Organizational culture, Cybernetic controls, Practice theory, Anchor practices, Practice organizing elements

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Työn nimi Organisaatiokulttuurin vaikutus kyberneettisiin kontrolleihin käytäntöteoreettisesta näkökulmasta

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Tiivistelmä

Tutkielman tavoite on selvittää organisaatiokulttuurin vaikutusta kyberneettisiin kontrolleihin: budjetteihin, taloudellisiin ja ei-taloudellisiin mittareihin, sekä hybrideihin. Työ pyrkii näin tarjoamaan lisää tietoa laskentatoimen kirjallisuuteen vain vähän tutkitusta aiheesta. Tämän tutkimuksen tulokset perustuvat kvalitatiiviseen case-tutkimukseen autoteollisuuden alalla toimivasta yrityksestä. Tämän työn empiirinen aineisto koostuu yhdeksästä semi-strukturoidusta haastattelusta, jotka toteutettiin case-organisaation pääkonttorilla. Tämän työ tavoite on antaa kattava kuvaus tutkitusta aiheesta.

Tutkimuksen tulokset osoittivat, että organisaatiokulttuuria, sekä sen vaikutusta kyberneettisiin kontrolleihin, voidaan kuvata kahdella käytäntöteoreettisella lähestymistavalla: ankkuroivilla käytännöillä sekä analysoimalla käytäntöjen rakenteellisia elementtejä. Tutkimus selvitti, että case-yrityksessä toiminut siilomaisen ajattelun ankkurikäytäntö vaikutti vahvasti siihen, miten kyberneettiset kontrollit näyttäytyivät yrityksessä. Ankkurikäytäntöä taas näytti tukevan toissijainen käytäntö; hyvin menemisen ajattelutapa, joka vähensi koettua tarvetta muutokseen. Tutkimuksen tulokset osoittivat, että ankkurikäytännöt voivat olla joissain yrityksissä kulttuurisia ja luonteeltaan epäbyrokraattisia ja passiivisia. Osaltaan viitaten siihen, että ankkurikäytännöt voivat olla syntyneet sosiaalkulttuurisina ilmiöinä ilman yrityksen tarkoituksenmukaisuutta. Analysoimalla käytäntöjen yhteisiä rakenteellisia elementtejä tutkimuksessa huomattiin, että monet kyberneettisten kontrollien käytännöt olivat rakentuneet insinöörilähtöisistä elementeistä. Tulokset indikoivat, että ankkurikäytäntöjen konsepti olisi sopiva käytettäväksi, kun halutaan kuvata organisaatiokulttuurin vaikutusta laajemmassa merkityksessä. Sen sijaan käytännön rakenteellisten elementtien konsepti näyttäisi olevan sopivampi kuvaamaan organisaatiokulttuuria syvemmillä tasolla. Lopulta, tämän tutkimuksen tulokset antavat tukea ajatukselle, että ankkurikäytäntöjen yleiseen luonteeseen voi vaikuttaa yrityksen toimialan erityispiirteet, sekä kyseisen toimialan kilpailun intensiteettitaso.

Tämä työ oli yksittäiseen case-yritykseen keskittyvä kvalitatiivinen case-tutkimus, jonka tulokset ovat vahvasti kontekstiriippuvaisia. Tutkimuksemme on tähdännyt teoreettiseen yleistykseen, ja näin tarjoamaan johdon laskentatoimen tutkimukselle lisää tietoa käytäntöteoreettisista malleista laskentatoimen kontekstissa, ja erityisesti niiden käytöstä organisaatiokulttuurin tutkimuksessa. Tämän tutkimuksen tärkeä uutuusarvo on se, että se on ensimmäisiä tutkimuksia organisaatiokulttuurin vaikutuksesta kyberneettisiin kontrolleihin käyttäen käytäntöteoreettista näkökulmaa. Tutkimuksen käytännön hyötynä voidaan nähdä organisaatiokulttuurin vaikutuksen parempi tunnistaminen yrityksissä.

Avainsanat Toiminnanohjausjärjestelmät, Organisaatiokulttuuri, Kyberneettiset kontrollit, Käytäntöteoria, Ankkuroivat käytännöt, Käytäntöjen rakenteelliset elementit

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Figure 1: Management control systems package (Malmi & Brown, 2008)

1 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

In the field of management accounting for quite some time, there has been an increased interest in examining how different management control elements work together as a package of interrelated mechanisms (Bedford & Malmi, 2015). However, in spite of this interest only a small amount of empirical evidence exists on how management control mechanisms actually combine (Bedford & Malmi, 2015). According to Kruis, Speklé and Widener (2016), in order to gain insights on this complex phenomenon of control, accounting researchers have recently started to apply configurational theoretical thinking in their studies (e.g. Bedford & Malmi 2015; Grabner & Moers 2013; Malmi & Brown 2008; Sandelin 2008). The focus of this research can be regarded to be identifying groups of firms based on similar organizational attributes and resemblance, rather than focusing on firm-level dimensions or features such as organizational culture (Short, Payne and Ketchen, 2008). Then again, the above discussed complex phenomena of control have also been studied through case studies. According to Ahrens (2018), these case studies that have focused on firm-level phenomena have identified that it is common for firms to have difficulties in clearly defining the suitable management control system (MCS) configurations for their specific strategies (e.g. Roberts 1990; Dent 1991). One of the reasons suggested for this have been that MCSs might combine differently inside organizations based on unique and different characteristics of organizational departments and subcultures (Ahrens, 2018). In line with Ahrens (2018) we recognize that different cultures within an organization may influence on how MCSs emerge within that organization. However, we further hypothesize in this study that organization culture could play a key part in understanding in an overall sense how MCS practices combine within different organizations. Specifically, our focus in this study is to examine the impact of a specific organizational culture on the case organization's management control practices, and especially on cybernetic controls: budgets, financial measures, non-financial measures, and hybrids.

Earlier research within the field of management accounting, has long recognized the importance of social and cultural dimensions (Flamholtz 1983; Dent 1991; Henri 2006). This research has regarded organizational culture to be able to determine the nature of other control elements (Flamholtz, 1983), by functioning as a universal factor which impacts on all aspects of organizational interactions (Henri, 2006). Similarly, in the management control context the cultural controls are seen to provide an overarching context for other controls to operate in (Malmi & Brown, 2008). Then again, the traditions that characterize the organizational culture are stated to be equally or even more important factors in predicting the behavior of employees compared to the cybernetic control mechanisms (Flamholtz, 1983). Although, despite of research recognizing the importance of cultural aspects, especially the research on the interrelations between accounting based and more subjectively constructed controls has been regarded to be still in its infancy (Sandelin, 2008). Therefore, it has been advocated that research should recognize the social and cultural dimensions in greater extents, as much is seen to be able to be gained from a stronger emphasis on the wider information environment within which management control practices operate in organizations (Hall, 2016).

In addition, it has recognized that only a small number of studies have been conducted concerning the relationship between culture and control within the management accounting literature (Berry, Coad, Harris, Otley and Stringer, 2009). The same is regarded to apply to the contingency-based MCS research on organizational culture and how it affects MCS design (Chenhall, 2003). While it is seen that usually the studies that have been conducted on culture have examined the impact of national culture on operation of control systems, rather than the impact of specific organizational cultures (Henri, 2006; Otley 2016). In an overall sense, there exist only a small number of studies that have examined the link between organization culture and MCSs, and this is especially the case regarding field studies conducted in relation to specific organizational cultures (e.g. Dent 1991; Henri 2006; Ahrens & Mollona 2007; Busco & Scapens 2011; Ahrens 2018). According to Smith & England (2019), these few studies have examined the influence of culture on accounting and focused on: accounting change using the perspective of institutional theory (see Busco & Scapens, 2011), performance measures (see Henri 2006), or different organizational subcultures (see Ahrens & Mollona 2007; Dent 1991). In comparison to these studies, in this study we focus on examining a specific organizational culture and its impact on MCSs, and especially on cybernetic controls.

Apart from the previous discussion, the management accounting literature, nonetheless, has long recognized the importance of taking multiple controls into account within research settings (see Ansari 1977; Flamholtz, Das and Tsui 1985; Fisher 1995). Even though these studies stressed that the core control processes are cybernetic in nature, they still recognized the need for acknowledging also other control systems, such as organization culture and organization structure (see Flamholtz et al. 1985; Fisher 1995). It was then regarded that research should not focus either on studying MCS from the mechanistic, or behavioral socio-psychological point of view, but rather examine these two different control elements together (Ansari, 1977). Further Otley (1980) have even have noted that there is no sense in studying these two aspects in isolation from each other. The management accounting research then can be said to have to have for a long time recognized the need for studying accounting and social based controls together. However apart from this discussion, it has been regarded that the accounting research continued to view accounting-based control systems as the dominant control mechanism in organizations (Abernethy & Chua, 1996). In other words, research then focused on the cybernetic controls (Sandelin, 2008). The researchers then did not incorporate broader control components to their studies such as; informal controls, clan controls, or mechanisms that integrate the different controls together (Chenhall, 2003). Studies rather regarded that management control elements only operated as a set of planning, measurement, evaluation, and feedback systems for corrective actions (Sandelin, 2008), while little attention was given to the idea that accounting could be used for other purposes than measuring and monitoring (Abernethy & Chua, 1996). The research was seen not to have widely pursued the research on interactive relationship between accounting and non-accounting controls (Abernethy & Chua, 1996). In an overall perspective, this narrow focus was seen as problematic as researchers might have overlooked some controls in their research settings that in reality had a significant controlling role (Chenhall, 2003). It was then regarded that researchers that only focus on examining specific accounting-based controls in isolation were in danger of reporting false findings (Chenhall, 2003). As a summary, it can be said that while research recognized that organizations use multiple controls simultaneously, there was still practically no information on how any single control element was affected by simultaneous reliance on other controls (Abernethy & Brownell, 1997).

The various control frameworks (e.g. Simons 1995; Merchant Van Der Stede 2007; Malmi & Brown 2008) that have emerged within the field of management control, can be considered to have advocated the importance of including also other factors to management control studies than mere accounting-based controls. We view that the framework literature has contributed in the sense that currently more and more studies have recognized the idea of a broader set of controls and the possibility of control mechanism interrelations. One notable group of these studies being the studies that have used Simons' (1995) levers of control framework consisting of: diagnostic, interactive, boundary controls and of beliefs systems (e.g. Widener 2007; Mundy 2010; Kruis et al. 2016; Heinicke, Guenther and Widener 2016).

However, researchers have argued that these framework models usually use excessively aggregated conceptualization of management control elements (Friis, Hansen and Vámosi 2015; Grabner & Moers 2013). According to Friis et al. (2015), these broad conceptualizations of controls could decrease a researcher's ability to observe the richness of interrelations between the different control elements. While especially, Pfister (2009) have implied that these framework models may not be by themselves suitable for analyzing organizational culture.¹ According to Pfister (2009), in order to better understand organization culture and control researchers should: first, acknowledge that culture influences accounting and control, but also that culture in itself is influenced by accounting and control. Second, acknowledge that culture is engrained to both, formal and informal aspects in organizations, meaning that culture should be seen to impact on all of the organizational controls (Pfister, 2009). Third, consider the interrelated nature of controls by interpreting different controls through the lens of cultural meaning (Pfister, 2009). While finally, researchers should concentrate on the ways in which culture and behavior is linked as it regarded to facilitate understanding of how culture and control is linked (Pfister, 2009). The author notes that especially interdisciplinary theoretical foundation could be used to better understand the link between culture and behavior within organizations. The view of using interdisciplinary research in cultural research is also supported by Chenhall (2003), as

¹ Pfister (2009) discusses of Ouchi (1979), Merchant & Van Der Stede (2007), and Simons (1995) frameworks and their limitations on appreciating cultural perspectives.

the author sees that it is suitable for researchers to use research paradigms and methods from other disciplines such as sociology and anthropology, in order to explain the meanings of organizational culture but also to study the organization culture in the first place. All in all, we agree with the view of Otley (2016) that organizational culture and control remains an important field to study, despite the difficulties that researchers face in this field of research.

1.2 OBJECTIVES AND METHOD

The overall objective of this thesis is to deepen the understanding in management accounting literature of organizational culture's impact on cybernetic controls. This study relies strongly to the Ahrens (2018) study, and its idea of anchor practices and constitutive rules by Swidler (2001). While we also use Schatzki's practice theory and especially its concept of practice organizing elements (2002; 2003; 2005; 2006; 2012; 2016b) to further examine the impact of organization culture on cybernetic controls. In this study we then apply an interdisciplinary approach to study organizational culture as insights and theoretical conceptions are drawn from cultural sociology (Ahrens, 2018), and more precisely from practice theory.

Our study relies on a qualitative case study research method, because the aim of this study is to uncover the deeper cultural aspects within a single case company. The aim is to provide a rich account of the organizational culture and its impact on cybernetic controls, in order to present a theoretically informed and plausible interpretation of the empirical evidence (see Vaivio, 2008). We have then mainly adopted an explanatory case study method, as a goal of our study is to explain the reasons for specific accounting practices through analyzing the specific organizational culture of the case company (see Scapens, 1990). However, our case study could also be seen as a theory specification case (Keating, 1995). This is because we relate our findings with Ahrens (2018) case findings, and then further elaborate and refine the theoretical model of anchor practices in the management control context, through applying the concept in a different kind of organizational context (Keating, 1995). Then again, as noted before, we also use conceptualizations of Schatzki's practice theory, while especially the concept of practice organizing elements (2002; 2003; 2005; 2006; 2012; 2016b). Within the management accounting literature Ahrens, Ferry and Khalifa (2018) have used the concept of practice organizing elements. Therefore, from this viewpoint also our case study can be regarded as a theory specification study. This is as we describe how the

concept of practice organizing elements could be used to describe the impact of organizational culture on cybernetic controls within an accounting context.

This qualitative case study concerns a single case company. The case company is a large company that is operating in automotive industry. The industry can be considered to be a mature industry, while the business that the case company operates in can be considered to have a low level in the intensity of competition. The case company is a subsidiary of a large multinational parent company. The empirical material of this study consists of nine semi-structured interviews that were conducted within case company headquarters. Which means that the scope of this study is then limited to regard only the organizational culture viewpoints of the personnel situated and working at the headquarters of the firm. The interviews were thoroughly planned, while the researcher thereafter used additional sources of empirical evidence to triangulate the empirical findings. Further the researcher aimed to minimize the threats to validity and reliability by acknowledging and utilizing the guidance related to conducting research which has been presented within the management accounting literature (e.g. McKinnon 1988; Ahrens & Chapman 2006a; Vaivio 2008).

1.3 CONTRIBUTION AND RESEARCH RESULTS

This study contributed to the management control literature by examining how organizational culture may impact on cybernetic controls within an MCS package. The study then provides management accounting literature more information on different management control system interrelations. As this study used an interdisciplinary approach, it also gave support on applicability of concepts of constitutive rules, anchor practices (Swidler, 2001) and practice organizing elements (Schatzki 2002; 2003; 2005; 2006; 2012; 2016b) into management accounting field. More precisely, this research indicated that the concepts introduced above, could be used to describe organizational culture, and its impact on cybernetic controls. Overall, one of the important contributions of this study is that it addresses impact of organizational culture to accounting-based controls, a subject that is studied in limited extent within the management control literature (Chenhall 2003; Berry 2009; Otley 2016).

The results of the research indicate that the anchor practices may in some organizations be cultural and of un-bureaucratic and passive character. Further results suggest that anchor

practices may be practices that have not deliberately planned or otherwise put in place deliberately by the organization management. This result differs from Ahrens (2018) study, in which the anchor practice, cost management, was rather an active practice as it gave the organizational actors a clear objective to strive towards. In this case study, we identified that the anchor practice that influenced on the cybernetic controls was silo-like thinking, while this anchor practice was then maintained and reinforced by subsidiary practice of the overall thought of going well. Then our research results additionally indicate that the Schatzki's (2001; 2002; 2003; 2005; 2006; 2012; 2016a; 2016b) practice theory and notion of practice organizing elements could be used to analyze organizational culture, and its impact on cybernetic controls. In this study the practice organizing elements functioned as a conceptualization that gave a complementary solution on the ways in which organizational culture impacts on cybernetic controls. Based on Schatzki's (2002, 2003, 2005, 2006, 2012, 2016b) practice organizing elements, the organizational cultural factor that seemed to have the most influence on cybernetic controls, were the engineering based practical understandings, rules and teleoaffective structures. This was because engineering-based elements were recognized to be quite prominent influencing factors within multiple organizational practices.

1.4 STRUCTURE OF THE THESIS

This thesis consists of six chapters: introduction, literature review, methodology, empirical evidence, discussion, and conclusions. In the following chapter, the literature review part of this study, we present the theoretical background relating to organizational culture and cybernetic controls. This chapter consists of three parts. In the first part of the literature review, we present discussion on management control and MCS. Here we also present the conceptualizations of cultural controls and cybernetic controls by Malmi & Brown (2008), and discuss of understanding organizational culture through organizational subcultures. Then we present the criticism raised towards the MCSP conceptual framework (Malmi & Brown, 2008), and other framework models of control. We end the section by presenting the notion of accounting as a social and institutional practice. This notion is discussed of briefly as it guided our research towards an alternative research tradition and using an interdisciplinary approach in our research setting.

In the second part of the literature review, we discuss of the concept of organization culture by presenting the different ways in which the nature of organization culture has been understood within the organization literature. Here we present that different understandings on the nature of culture can be placed on a continuum on which at opposite ends are: understanding culture as a variable and understanding culture as a root metaphor (Alvesson, 2002). In this section we also present the understanding of culture as practice (Swidler, 2001), the understanding of culture which we adopt in this study as we regard it to be best suited for our study setting. Then we present the discussion on the relationship between culture and control (Berry et al. 2009; Alvesson 2002). This discussion can be regarded to present the different ways in which the nature of culture has been understood within management accounting literature.

In the third part of the literature review, we give a brief introduction to practice theory, with the main focus here on the practice theory conceptualizations introduced by Theodore Schatzki (2001; 2002; 2003; 2005; 2006; 2012; 2016a; 2016b). In this section we also present the understanding of management control and MCSs from the practice theoretical point of view (e.g. Ahrens & Chapman 2007; Ahrens, 2018). Then in the fourth summary part, we give a short theoretical summary of the literature review, while we also present the research question of this study. In an overall sense, the first part of the literature review can be regarded to give the reader the background to understand MCSs and cybernetic control. The second part then provides the reader the background for understanding the complex phenomena of organizational culture. While finally, the third part introduces the reader the concepts that are used to analyze what kind of impact organizational culture had on cybernetic controls within our case company.

In the third chapter, we will describe the case study as a research method and highlight why it is suitable for our research setting. Then we will also discuss the aspects of reliability, validity, and generalizability related to this study. This part includes the assessment of the limitations of this study from the methodological point of view. In this part we will also briefly present methodological aspects related to using practice theory-based approach in a research setting.

Then in the fourth chapter, we present a description of the case company which involves the organizational, industrial and competitive context of the company. In this chapter we have

structured the illustration of empirical data to three sections: cybernetic controls, organizational culture, and bonus schemes and organizational structure. The first and second sections are the most relevant sections considering this study, while the final section is added in order to discuss what kind of impact bonus schemes and organizational structure may have had in our research setting and then how they might have influenced on the empirical evidence.

The fifth chapter presents the discussion in which the empirical evidence is related against practice-based theories. The discussion starts with the researcher's observation that the Malmi & Brown (2008) framework could not by itself, describe adequately the organizational culture and its impact on cybernetic controls within our specific research setting. Then, empirical results are related against the Swidler (2001) theoretical model of anchor practices, and then against Schatzki's (2001; 2002; 2003; 2005; 2006; 2012; 2016a; 2016b) practice theory and to the idea of practice organizing elements, referred to as practical understandings, rules and teleoaffective structures.

Then the last chapter presents the conclusions of this study, while also providing the limitations and recommendations for further research. This chapter also includes a brief discussion on the practical implications related to the results of this research.

2 LITERATURE REVIEW

2.1 MANAGEMENT CONTROL AND MCS

The development of management control term in the field of accounting can be somewhat credited to Robert Anthony (Lowe & Puxty, 1989). According to Hofstede (1981), in 1965 Anthony in his seminal paper defined management control as “the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization’s objectives” (Anthony, 1965, pp. 17). This influential view of Anthony (1965) has been argued to have guided researchers to direction that underline management control consisting of mostly accounting based controls, with little regard placed on setting MCSs in their broader context (Langfield-Smith, 1997; Ferreira & Otley, 2009; Otley, 1994; Collier, 2005). Main reason for this is regarded to be that Anthony’s definition separated management control from strategic planning and operating controls (Otley, 1994). Leading then researchers to often regard organizational activities through common language of accounting, while it also advocated researchers to specify MCSs and different measures as if they were universal for all strategies (Otley, 1999). However, most importantly the Anthony's (1965) model did not recognize that the management control aspects could interrelate with other organizational activities and with the environment of the organization (Lowe & Puxty, 1989).

In the field of management control accounting researchers have used multiple different definitions of management control and MCSs (Merchant & Otley, 2006). This has seen to be problematic as especially misspecification of the MCS term have been argued to have led to studies which empirical findings are only weakly comparable with each other, then making it difficult to build coherent body of knowledge on MCSs (Malmi & Brown, 2008; Tessier & Otley, 2012). In general, MCSs definition can be regarded to vary based on how broadly they recognize different control aspects such as social controls and other wider control aspects. For example, Ansari (1977, pp. 102) have defined control systems as “those organizational arrangements and actions designed to facilitate its members to achieve higher performance with least unintended consequences”. While Flamholtz et al. (1985, pp. 36) defined them as “techniques and processes to achieve goal congruence”. Then Abernethy &

Chua (1996, pp. 573) defined control system broadly as a “system that comprises of combination of control mechanisms designed and implemented by management to increase the probability that organizational actors will behave in ways consistent with the objectives”. Then again, Simons (1995, pp.5) defined MCS as “the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities”. While, Chenhall (2003, pp. 129) referred to MCS as a broader concept that encompasses the systematic use of collection of practices such as budgeting added with other controls such as personal and clan controls, which are then used to achieve a specific goal. These different conceptualizations highlight how the definitions for management control and MCS vary in general broadness.

We recognize that a broader MCS definition is more suitable for our study, and this is why we use management control and MCS definitions by Malmi & Brown (2008). Authors conceptualize management controls to “include all the devices and systems managers use to ensure that the behavior and decisions of their employees are consistent with the organization’s objectives and strategies, but exclude pure decision-support systems” (Malmi & Brown, 2008, pp. 290). Individual MCS is defined in the lines of, “the individual control systems may be more traditional accounting controls such as budgeting and financial measures, or administrative controls, for example organization structure and governance systems, along with more socially based controls such as values and culture” (Malmi & Brown, 2008, pp. 287)

2.1.1 MCS PACKAGE

In the previous part we have presented brief history of MCS term to illustrate why MCS studies have focused to a greater extent on examining accounting-based controls over other type of controls. Then we presented how the different definitions of MCS have varied in their level of broadness relating to what type of controls are seen to include to the concept. In this next section, we present the concept of MCS package.

Otley (1999) argue that the term MCS itself have been misleading in the literature. This is as it contains the word systems which refers to a set of processes or practices that are closely linked to each other, and thus working together in unity (Otley, 1999). It has been then argued that control systems should rather be viewed as packages than systems as different

control elements of the package are most likely introduced within organizations in different points of time and by different actors (Otley 1999; Malmi & Brown 2008). Then again, it is regarded that it is unlikely that the total package of controls within an organization would be functioning with high degree of coherence and rationality at all times (Otley, 1999). While the total package of controls in use within an organization may actually be “incomplete” in the sense that it won’t have all accounting practices and controls in use that are available for that specific organization (Tessie & Otley, 2012). In line with this discussion we then see that the concept of MCS shouldn’t be used slightly to describe the total controls of an organization.

In this study we adopt an understanding that within organizations usually operate multiple MCSs (Malmi & Brown 2008). These MCSs within an organization then form an MCS Package, defined as “a collection or set of controls and controls systems” (Malmi & Brown 2008, pp. 278). We regard that a management control package is the complete set of MC practices in place, regardless of if these MC practices are interdependent or not, or whether the design choices of these MC practices take the different control interdependencies into account (Grabner & Moers, 2013). Further we recognize that the whole control system can be regarded to form a system if the MC practices are interdependent and the design choices of these practices take these interdependencies into account (Grabner & Moers, 2013). Interdependence here refers to that the benefit of one MC practice depends on the value of another MC practice (Bedford, Malmi and Sandelin, 2016).

In this section we have presented the definitions we use for: management control, MCS, and MCSP. Although, it should be noted that rigid distinction in relation to these concepts and definitions is rather possible only on a theoretical level (Malmi & Brown, 2008). Malmi & Brown (2008) state how the same level of detail cannot be brought to empirical studies, and therefore researchers shouldn’t restrict themselves too much by focusing on the conceptual borders of these definitions.

2.1.2 MCSP CONCEPTUAL FRAMEWORK

In this section, we will present the MCS package conceptual framework by Malmi & Brown (2008).

Cultural Controls						
Clans		Values			Symbols	
Planning		Cybernetic Controls				Reward and Compensation
Long range planning	Action planning	Budgets	Financial Measurement Systems	Non Financial Measurement Systems	Hybrid Measurement Systems	
Administrative Controls						
Governance Structure		Organisation Structure			Policies and Procedures	

Fig.1. Management control systems package (Malmi & Brown, 2008, pp. 291)

The Figure 1 presents the conceptual framework of MCSP by Malmi & Brown (2008) which consists of cybernetic, cultural and administrative controls, added with planning, and reward and compensation aspects.

The aim of this study is to analyze the impact of cultural aspects on cybernetic controls, and therefore the other controls are not further elaborated in this study. We do recognize the importance of all of the controls as a part of the overall package of controls, however it is not in the scope of this study to focus on all of the controls. Then again, it should be noted here that Malmi & Brown (2008) explain how their model's strength lies in the broad scope of controls rather than on examining any individual control system of the package. Therefore, in this section we mainly focus our discussion on presenting cybernetic controls because cultural aspects are further elaborated beyond the conceptualizations of Malmi & Brown (2008) framework in the forthcoming chapters using organization literature and practice theory literature.

2.1.3 CYBERNETIC CONTROLS

The term cybernetic refers to “process in which feedback loop is represented by using standards of performance, measuring system performance, comparing that performance to standards, feeding back information about un-wanted variances in the system and modifying the system’s comportment” (Green & Welsh, 1988, pp. 289). It is argued that cybernetics controls should be goal oriented, aim to regulate activities that are continuous in nature, and that they should be used in a purposive manner (Green & Welsh, 1988). These cybernetic

models can then either operate as feedback systems, which wait for performance to occur before its reporting, or alternatively they can function as feed forward systems that anticipate possible deviations and then allow corrective action to be taken before performance is affected (Ansari, 1977). According to Malmi & Brown (2008), cybernetic control system can be referred as MCS if it integrates behavior to targets, and assigns accountability for variances in performance. Authors state that the four basic cybernetic systems are: budgets, financial measures, non-financial measures, and hybrids.

BUDGETS

Most studies on management control have addressed cybernetic controls, while these studies have then especially regarded financial budgeting control as one of the most central cybernetic controls (Fisher, 1998). This is not surprising as budgeting systems have been recognized to hold significant power over organizational resources but also impact strongly on organizational behavior (Bunce, Fraser and Woodcock, 1995). The use of traditional budgeting is then seen to be quite universal as organizations are regarded to usually view budgeting as one of the key vital parts of their overall management system (Bunce et al. 1995; Hansen, Otley and Van der Stede 2003). One of the reasons for budget's central position is assumed to be that it is one of the few mechanisms that is capable to encompass the whole entirety of organizational activity into one single and coherent summary (Otley, 1999). Then again, while the wide adoption of budget may be due to its ability to bring together different threads of organization as noted above, as a process budget also serves other purposes (Hansen et al., 2003). Budget can be for example used for performance planning as it is a tool capable for ex post evaluation between current and planned performance (Hansen et al., 2003). According to Malmi & Brown (2008), in an overall sense, budgets can be referred as control mechanisms when they focus on planning the acceptable levels of behavior and then compare actual performance against these pre-set levels.

Budgetary controls, and especially traditional budgeting have been long criticized to have multiple problems (Bunce et al. 1995; Hansen et al. 2003). Budgetary controls are argued to “impose a vertical command-and-control structure, centralize decision making, stifle initiative, and focus on cost reductions rather than value creation” (Hansen et al., 2003, pp. 97). While the underlying nature of budgetary process is argued to result in that budgets are usually already outdated when they are used, and especially within organizations that are

operating in fast changing environments (Hansen et al., 2003). However, Libby & Lindsay (2010) have suggested that the problems of budgets could be rather result of the way in which the budget is used in the specific organizational setting, rather than result of inherent flaws in the budget itself.

Apart from the shortcoming of the budget, it seems that companies are not willing to totally abolish budgets but rather they are interested in improving their budgetary processes to overcome the common problems of budgets (Libby & Lindsay, 2010). We argue that the reason for this might be revealed in Ekholm & Wallin (2000) argument that while annual budgets do not give information of the changes in the business environment, they have an important role within organizations in maintaining internal effectiveness with the other complementing instruments. Although, Henttu-Aho & Järvinen (2013) research have implied that the role and legitimacy of traditional budgeting in organizations might diminish if the core functions of budget – planning, control and evaluation, start to decouple from each other. Implying then that various management accounting tools may replace functions of budget, even though the budgeting function in overall would not be replaced (Henttu-Aho & Järvinen, 2013).

Sponem & Lambert (2016) propose that the budget overall has very different meanings in organizations. Authors note how there are styles of budgeting that can be characterized wielding “budgetary control”, referring to using budget to monitor and evaluate performance throughout the year either proactively or alternatively in a more reactive and ex post manner. Then sometimes budgets are not used to control but rather they play important role in defining strategy. Finally, authors state that budget could also function as a legitimatization tool that gives the organizational actors illusion of rationality. These different uses of budget highlight that the budget cannot be solely considered as a universal and standardized tool that emerges within each organization in similar ways and with consistent uses. (Sponem & Lambert, 2016)

As a summary, budgets can then be used in multiple ways, for multiple purposes, and they have very different significances within organizations (see Henttu-Aho & Järvinen, 2013; Ekholm & Wallin, 2000; Sponem & Lambert, 2016; Libby & Lindsay, 2010). While the role that budgeting has in relation to management control seems to depend on how the other management practices function within the specific organization (Henttu-Aho & Järvinen,

2013). We then recognize that budgeting should be seen as part of the wider total system of control (Flamholtz, 1983), and that the role of budget in a specific organization may be best understood by regarding it as highly institutionalized practice with multiple taken-for-granted aspects relating to it (Henttu-Aho & Järvinen, 2013).

FINANCIAL MEASURES, NON-FINANCIAL MEASURES, AND HYBRIDS

According to Malmi & Brown (2008), employees are usually held accountable for some specific financial measures. These measures can be seen to act as a control mechanism, which are important to be recognized (Malmi & Brown, 2008). These performance measures can be regarded to be used for narrow target setting purposes within organizations (Malmi & Brown, 2008). These measures can be critical success factors, or other indicators that signal primary and secondary objectives that employees should focus on (Henri, 2006). Examples of these financial measurements are: return of investment (ROI) and return on capital employed (ROCE) (Malmi & Brown, 2008).

Non-financial measures, then again, are argued to be more and more relevant for contemporary organizations (Malmi & Brown, 2008). Non-financial measures can be used to complement financial measures and then fill in the gaps of financial measurements while at the same time they can be used to identify organization's drivers of performance (Malmi & Brown, 2008). Examples of non-financial measures are: customer satisfaction measures and total quality management (TQM) (Malmi & Brown, 2008). Finally, hybrids can be defined as measurement systems that incorporate both financial and non-financial measures (Malmi & Brown, 2008).

2.1.4 CULTURAL CONTROLS

According to Malmi & Brown (2008), culture can be influenced and to some extent also controlled. This view can be regarded to view that culture is a variable that is slow and difficult to change, but nonetheless it can be influenced by the managers of an organization (Flamholtz, 1983). The managers are regarded to be in the strongest position to mold the organizational values and norms to their liking, although it is seen as very unlikely that they could fabricate the entire culture of the organization (Bedford & Malmi, 2015). In an overall sense, organization culture is then seen as a control system that can be used to regulate

employee behavior (Malmi & Brown, 2008). Malmi & Brown (2008) define cultural controls through three controls: value-based controls (Simons, 1995), symbol-based controls (Schein, 1997), and clan controls (Ouchi, 1979).

VALUES, SYMBOLS, AND CLANS

Simons (1995, pp. 34) explain that beliefs systems are the specific set of organizational definitions that managers use in formal and systematic manner to specify basic values, purpose, and direction for the organization. These organizational definitions advocate the values and direction that managers want employees to embrace and follow (Simons, 1995). Examples of these belief systems are mission statements, statements of purpose, and the vision of the organization – all of which are inherently considered as formal and information-based (Simons, 1995). Referring to Simons (1995) belief systems Malmi & Brown (2008) note how values impact on employee behavior through three levels. First, in the employee selection process as the organization attempts to recognize how the values of the organization and values of the employee match together, with the aim to find the individuals that fit to the organization (Malmi & Brown, 2008). Secondly, the values are thought to have the ability to socialize employees in the sense that employees' values would change to fit the organization's values (Malmi & Brown, 2008). Finally, it is thought that employees act in accordance to the organization's values because they are expected to (Malmi & Brown, 2008). This means that employees do not necessarily need to be personalized by the values in order for them to have an effect within the organization (Malmi & Brown, 2008).

Schein (2010) then argue that organization culture can be analyzed on several different levels: artifact, espoused values, and basic underlying assumptions level. The visible artefacts level consists of aspects such as: the visible environment of the organization, organization structure, technology, office layout, dress code, visible patterns of behavior, public documents, orientation manuals, and so on (Schein, 2010). Malmi & Brown (2008) refer to these artifacts as symbols that are used by the organization to create visible appearances of certain type of organization culture. Open offices and the emphasis on communicative culture are presented as examples of these type of symbol-based controls that are aimed to influence on employee behavior (Malmi & Brown, 2008).

According to Ouchi (1979), control mechanisms need to focus on the issue how to make employees with different objectives work together. Author argues that clan control aims to do this by selecting and socializing employees so that their individual objectives would overlap with the organization's objectives. According to Ouchi (1979), organization aims to give employees a deep level understanding on which actions constitute as a proper behavior in various organizational situations. This clan control can be described as a subtle form of control which usually is not easy to recognize by the outside observers (Ouchi, 1979). The notion of clans by Ouchi (1979) is regarded to have been further elaborated in accounting context by Dent (1991) (Smith & England, 2019). Malmi & Brown (2008) have presented that distinct subcultures or individual groups operating within an organization could be referred as clans. Therefore, in the next section we discuss of subcultures as we relate clan controls with the idea of multiple subcultures operating within organizations.

2.1.5 SUBCULTURES

According to Schein (1990) subcultures form when organizations divide people to different functions and geographical units, creating then for these people different environments in which they function in comparison to each other. Subcultures are thought to form usually based on functional units as people within the different units often have similar educational background, shared tasks and their experience of the organization is similar (Schein, 2010). Subcultures then often form based on occupation and between different departmental and organizational team borders (Dent, 1991). Then again, subcultures are seen to form also between different hierarchy levels within organizations (Schain, 2010). According to Bhimani (2003), subcultures may also emerge within organizations due to that different employee groups identify with different cultural values. We regard that subcultures should not be solely regarded to function as different silos within organizations. We then acknowledge that different subcultures may actually overlap with each other (Dent, 1991). While we also acknowledge that some subcultures may be more dominant than others (Dent, 1991). Finally, we recognize that different organizational subcultures may co-exist together in a complex relationship with each other, with the underlying notion that the organizational subcultures are not independent from their social context (Dent, 1991).

In the field of management accounting, the importance of subcultures has been recognized in relation to studying organizational culture and accounting. For example, according to

Ahrens & Mollona (2007) culture shouldn't be solely understood as a set of values, but rather research should recognize that organizational members may have diverse understandings of culture. While Dent (1991) recognized that accounting can be incorporated with different meanings in local cultures, with the understanding that "accounting systems are implicated in organizational cultures in different, possibly unique ways" (p.728). Then again, Ahrens & Mollona (2007) case study found that the way that workers talked about and conceived their work and its control, was seen to be determined by cultural practices that were shaped based on belonging to a particular subgroup inside the case firm. The subcultures were recognized not to follow management's distinction of organizational subunits, but rather they formed based on: workers' tasks and practices, skills and occupational histories, technologies in use, outlooks on work and organizational membership, and based on social backgrounds that made workers gravitate toward particular organizational subcultures (Ahrens & Mollona, 2007). In this sense organizational subcultures may then develop distinct and specialized language, concepts, and philosophies, that all differ among different subcultures (Järvenpää, 2007).

According to Schein (2010), much of organizational life can be understood as interactions between different organizational subcultures operating in the context of a specific organizational culture. This view is supported by Ahrens & Mollona (2007), as they note how organization culture and subcultures may hold great potential in understanding elements of organizational controls and their functioning. However, Dent (1991, pp. 705) have acknowledged that: "we know little about the way in which accounting is implicated in organizations' cultures". While Järvenpää (2007) have then noted how this statement is still valid even though it has been long time since this statement has been made. Then again, Ahrens & Mollona (2007, pp. 326) have stated how: "little is still known about the ways in which organizational subcultures may be characterized by specific cultural practices through which economic and technical measurements are communicated and labour and management processes are negotiated". In overall these statements imply that we still don't know very well the ways in which different subcultures influence on the way management control practices emerge and operate within organizations.

2.1.6 DISCUSSION ON MCSP CONCEPTUAL FRAMEWORK

Within the field of management accounting research, the Malmi & Brown (2008) conceptual framework has certainly been a helpful tool in mapping the entire MCSP of an organization. The broad typology can be argued to have given researchers language and framework which then could be used in the complex task of analyzing holistically different control environments of organizations.

Although, critical voices have been raised towards the model and especially related to the framework's broad nature of the control categories. According to Otley (2016), Malmi & Brown (2008) conceptual framework aims for basic classification of tools and techniques of the MCS with the emphasis being on the ways in which these broad concepts are used within organizations. The typology is then argued not to focus enough on: the MCS itself, the specific elements it comprises of, and how the different control elements are interrelated (Otley, 2016). Similarly, King & Clarkson (2015) argue that the conceptual framework acts as a purely descriptive model of MC types and MCS elements because it does not give any suggestion on how researchers should actually measure the control practices. Friis et al. (2015) see that in an overall sense the problem with the different frameworks – including Malmi & Brown (2008) framework, is that they use excessively aggregated conceptualizations of management control elements. Especially, these broad conceptualizations of controls are seen to be inadequate if a researcher's aim is to observe the richness of interrelations between the different control elements (Friis et al., 2015). Grabner & Moers (2013) further note how the problem of using excessively aggregated conceptualization of management control elements applies also to the studies that have used the Simons' (1995) Levers of Control framework model in their research settings. In order to overcome these problems, Otley (2016) have encouraged researchers to take an increasingly broader understanding of the MCS. According to Otley (2016), this way researchers might be better able to uncover what are the actual control systems that exist within each specific organization.

2.1.7 ACCOUNTING AS A SOCIAL AND INSTITUTIONAL PRACTICE

According to Roberts & Scapens (1985), accounting research has been accounting-centric. Especially traditional functionalistic research has been criticized on its emphasis on

technical-efficiency aspects of accounting, and its limited consideration of historical and political aspects (Englund, Gerdin and Burns, 2011). Roberts & Scapens (1985) then have noted how in order to understand accounting practice, researchers should recognize the organizational reality as the context in which the accounting emerges and operates. However according to Englund et al. (2011), the traditional functionalistic approach is not very well suited to examine the ways in which accounting emerges and is reshaped in conjunction with the “everyday” organizational life. This implies that a researcher might need to use some other approach than traditional functionalistic assumptions, if the aim is to study accounting in its organizational context. Therefore, in this chapter we briefly present the literature that have recognized accounting as closely connected to the social world residing in organizations. This literature can be referred as understanding accounting as a social and institutional practice (Hopwood & Miller, 1994). We recognize that this concept includes the notion that accounting influences the social within an organization (Hopwood & Miller, 1994), but also the notion that organizational aspects and the environment of an organization influence on how accounting emerges within a specific organization (Hopwood, 1983). In the next paragraph we present some of the findings of the literature that understands accounting as a social and institutional practice.

The literature regarding accounting as a social practice have recognized that what is measured may create the social reality for organizational actors that they then adopt and base their action on (Burchell, Clubb, Hopwood, Hughes and Nahapiet, 1980). While, the political processes working within organizations are seen to be able to influence on accounting and then on roles that accounting play (Burchell et al., 1980). Accounting systems are also recognized to possibly have a mystical and authoritative character, being then something that cannot be easily criticized by organizational actors (Cooper, Hayes and Wolf, 1981). Accounting systems might then have ideological and legitimatization influence and then maintain certain power relations and control within organizations (Cooper et al., 1981). Accounting might also have an active role in determining how an organization’s inner world is structured, meaning that accounting might act as one of the important aspects in determining how different functional borders are formed within an organization (Hopwood, 1983). As an example of this, according to Hopwood & Miller (1994) calculative technologies and rationales of accounting together determine how financial flows are shaped and reshaped, and in this way, accounting might influence how organizations function and how they are structured. Finally, accounting language is even argued to be able to impact on

and sustain specific organizational culture within an organization (Cooper et al., 1981). This is as accounting rituals, such as budgeting and reporting cycles, may provide a sense of identity to organizational actors and then strengthen their notions of what is valued within the organization (Cooper et al., 1981). In the next paragraph we discuss of alternative management accounting research that is related to understanding of accounting as social and institutional practice.

In order to understand the social nature of accounting from a different angle, Baxter & Chua (2003) reviewed accounting studies that had used interdisciplinary approaches. These studies are such that have lend theories from various social sciences, and then applied these theories within management accounting field. These reviewed papers focused on non-positivistic strands of social theory, reflecting then the interpretative, critical and postmodern turns within social sciences (Baxter & Chua, 2003). Authors identified seven research strands that have been used under alternative management accounting research label. These are: non-rational school, naturalistic research, radical alternative, institutional perspective, structuration theory, Foucauldian approach, and Latourian approach (Baxter & Chua, 2003). According to Englund et al. (2011), additionally actor-network theory (ANT), new-institutional sociology (NIS), and practice theory can be regarded to belong under alternative management accounting research label, as they also adopt either non-rational, interpretative or radical view on accounting practices.

The reason why we have outlined these different strands of alternative management accounting research is that in this study we adopt an interdisciplinary approach to study management accounting practices. More specifically, our study uses a theoretical lens drawn from the Schatzki's (2001; 2002; 2003; 2005; 2006; 2012; 2016a; 2016b) practice theory. While we then use cultural sociology literature to describe the hierarchy of practices (see Swidler, 2001) (Ahrens, 2018). However, it should be noted that the hierarchy of practices model by Swidler (2001) can be regarded to relate to practice theory. In an overall sense, in this study we then use practice based theoretical lens to interpret an accounting related issue (see Lukka & Modell, 2017, pp. 40). According to Lukka & Modell (2017), this kind of approach – using theoretical lenses from social theories, have been long used in relation to structuration theory and different versions of institutional theories, while only recently accounting researchers have started show interest towards practice theories, such as Bourdieu's and Schatzki's practice theory (e.g. Ahrens & Chapman, 2007). Descriptive

about this kind of inter-disciplinary or alternative accounting research tradition is that it appreciates theoretical pluralism, encouraging then the use of broad range of theoretical lenses from different disciplines (Modell, Vinnari and Lukka, 2017). This can be regarded to be quite the opposite compare to approaches that solely use theoretical lenses derived from for example economics or psychology, which is regarded to be quite typical within mainstream accounting research (Modell et al., 2017).

2.2 ORGANIZATIONAL CULTURE

In this chapter we present the relevant discussion on organizational culture in relation to our study subject. The aim is to explain to the reader the different broad understandings of culture that have been adopted within studies relating to organizational culture. This discussion further aims to give the reader a better understanding on the complexity of organizational culture concept.

This section is structured as follows; first, we present the different broad understandings that research has adopted regarding culture. These are culture as a variable and culture as a root metaphor (Smircich 1983; Schultz & Hatch, 1996; Alvesson 2002). Here we also discuss of the history and evolution of these approaches within organization literature. Then we present what Weber & Dacin (2011) refers as recently emerged “second wave” of cultural research. This discussion leads us to presenting the understanding of culture as practice (Swidler 1986; Swidler 2001). While finally, we discuss briefly of the ways in which accounting research has regarded the relationship between culture and control.

2.2.1 CULTURE AS VARIABLE, AS A ROOT METAPHOR, AND SECOND WAVE OF CULTURAL RESEARCH

In overall, multiple studies have acknowledged that organizational culture is an ambiguous concept on which literature has not researched consensus of what it means and what it contains (Ax & Greve 2017; Henri 2006, Dent 1991; Järvenpää 2007). However, it has been presented within organization literature that there are two distinct and broad ways through which organization culture have been usually understood (Smircich 1983; Schultz & Hatch, 1996; Alvesson 2002). The first understanding can be referred as culture as a variable

(Smircich, 1983) or as the functionalistic assumptions on the nature of culture (Schultz & Hatch, 1996). The other understanding as culture as a root metaphor (Smircich, 1983) or as the interpretative assumptions on the nature of culture (Schultz & Hatch, 1996). These two understandings can be said to have a quite different conceptions on how organization and culture is linked (Smircich 1983). In an overall sense, the difference between the variable and the root metaphor view on culture is that the former regards that culture is one of the subsystems that make up the organization (Alvesson, 2002). While the latter, understands that culture spreads throughout the whole organization in the sense that cultural dimensions situate everywhere within the organization (Alvesson, 2002). We argue that in order to better understand the culture related studies it is of importance to acknowledge the above presented underlying assumptions on the nature of culture. This view is supported by Martin (2001), as the author have noted how the distinction between these two understandings is one of the most important notions that represent the issues that divide cultural researchers. Although, according to Alvesson (2002) these two understandings are not the only ones. Author regards that they are rather the two ends along the continuum of understanding culture (Alvesson, 2002). For example, Weber & Dacin (2011) state how recently has emerged a second wave of cultural studies. In following sections, we further elaborate the understanding of culture as a variable and culture as a root metaphor, while we also present the core notions behind the second wave of cultural studies.

CULTURE AS A VARIABLE

According to Smircich (1983), the view of culture as a variable have referred to culture as both, dependent and independent variable. Within independent variable studies culture has often been regarded as a given background factor. Author notes that these studies have usually focused on charting the differences between different cultures usually across countries, but also between organizations. While the aim of these studies has usually been on recognizing clusters of similarities, and then analyzing how different factors impact on organizational effectiveness. (Smircich, 1983)

Then within dependent variable approach the notion is that organizations themselves are the objects that produce culture (Smircich, 1983). The studies adopting this understanding have been argued to usually adopt a systems based theoretical understanding of organization (Smircich, 1983). Within this view organizational culture is regarded as one of the variables

of the collection of variables that are in contingent relationship and contribute to the organizational survival (Smircich, 1983). In a way, the cultural dimension is seen to be able to influence on the overall balance and performance of the organization (Smircich, 1983). Then again, organizational culture is often seen as factor that can be influenced, and thus studies of this understanding usually examine the ways in which internal culture can be shaped or altered to make it more consistent with the managerial purposes (Smircich, 1983). According to Schultz & Hatch (1996), this functional view on culture regards that culture can be discovered as a pattern, using categorical ways. This means that cultural phenomena can be described with predefined and clear distinctions of culture by bringing different elements of culture together in a more or less hierarchical manner² (Schultz & Hatch, 1996). The studies of this approach are then argued to have usually focused on shared cultural assumptions within different subcultures (Schultz & Hatch, 1996). This means that within these studies the notion of cultural diversity has been mostly acknowledged through the notion of different subcultures existing within organizations (Hatch & Zilber, 2012).

CULTURE AS A ROOT METAPHOR

The understanding of culture as a root metaphor then on the contrary discards the idea that culture is something that organization has, but rather it recognizes that culture is something that organization is (Smircich, 1983). The organizational world is thought to exist only through symbolic patterns and meanings that are sustained through continuous processes of human interaction (Smircich, 1983). Culture can be seen as a system of shared symbols and meanings which is influenced by organization's underlying taken-for-granted rules which then in turn constitute and regulate employees' beliefs and actions (Smircich, 1983). The focus of analysis in this approach is then the subjective examination of organization's expressive, ideational, and symbolic cultural aspects (Smircich, 1983). According to Schultz & Hatch (1996), this interpretative view doesn't outline predefined levels and functions to

² Authors refer to Schein's (1985) model of culture and argue that it represents a good example of functionalistic assumptions within culture studies. This is as Schein's (1985) model regards that culture situates on different levels: basic assumptions, values, and artefacts level. While then the assumption is that basic assumptions are at the core of culture and causal relations exist from assumptions to values and artefacts. (Schultz & Hatch, 1996)

culture, but rather highlights that the appropriate way to describe culture emerges during the analysis of culture. Interpretivists then try to uncover the ways in which meanings: influence, are influenced on, and are created within a specific organization (Schultz & Hatch, 1996).

HISTORY AND EVOLUTION OF CULTURE AS A VARIABLE AND CULTURE AS A ROOT METAPHOR UNDERSTANDINGS IN ORGANIZATION LITERATURE

It has been regarded that in 1980s and 1990s cultural perspectives were strongly visible in management research, while then the interest on cultural aspects diminished (Alvesson, Kärreman and Ybema 2017; Alvesson 2016). According to Alvesson et al. (2017), interest in cultural aspect diminished within studies that understood culture as a variable as researchers encountered difficulties in locating unified culture inside organizations, because culture seemed rather to be fragmented phenomena. Culture appeared to exist within multiple different cultural sites (e.g. national, functional, occupational and local) and these different cultures seemed to mix with each other through complex relationships (Alvesson et al., 2017). The researchers then developed models and understandings recognizing this fragmented nature of culture (Alvesson et al., 2017). However, in overall the interest in studying culture could be said to have decreased as culture was now recognized to be something that cannot be easily controlled or altered by an organization's management (Alvesson et al., 2017).

Then again, Alvesson et al. (2017) note how researchers using the interpretivist approach moved their focus from organization culture to such topics as; discourses, institutions, sense-making, individual and organizational identities, and control and resistance. Authors argue that within interpretivist camp the interest in studying organization culture then diminished (Alvesson et al., 2017). This was because researchers started to focus on concepts and phenomena that were something else than the aspects originally inherent to organizational culture studies, such as interpreting meanings, symbols, and the taken-for-granted (Alvesson et al., 2017).

THE SECOND WAVE OF CULTURAL RESEARCH

Weber & Dacin (2011) have analyzed cultural research from a slightly different angle than what we have presented above. Authors note that there exist two waves of cultural

approaches within organization related studies. The first wave started in 1980s and regarded culture as stable, collective, and as a constraint on individual thought and action (Weber & Dacin, 2011). Then authors note how more recently emerged second wave of cultural studies have rather regarded culture as consisting of wide range of social processes that are themselves culturally constructed (Weber & Dacin, 2011). Then emphasizing that culture is constitutive or embedded to a wide range of social processes (Weber & Dacin, 2011). In an overall sense, we see that one of the key differences among these two approaches is that the second wave of cultural approach acknowledges in greater extent cultural variety and plurality (see Weber & Dacin, 2011). While within the first wave of cultural studies, culture is often regarded in terms of collective meaning systems that are shared among different levels, such as organizational and group level (Weber & Dacin, 2011).

The second wave of cultural approaches underline that culture should not be solely thought as a constraint (Alvesson, 2017). They underline rather that culture operates as a resource or a repository of resources used by individuals for action (Alvesson, 2017). The studies belonging to second wave of cultural studies are then regarded to divide into two trends; one that focuses on individual agency in relation to culture, and the other that emphasizes the analytical separation of culture between social groups and the external audiences (Weber & Dacin, 2011). According to Weber & Dacin (2011), the influential theoretical approaches that have recognized the notion of cultural plurality and individuals' agentic use of culture, are cultural toolkits by Swidler (1986) and vocabularies of sense-making by Weick (1995). In this study we further explain the cultural toolkits model by Swidler (1986) as it can be argued to be closely linked to practice-based understanding of culture, an understanding that we adopt in this study (see Lounsbury & Beckman 2015; Weber 2005; Schatzki 2001).

THE CULTURAL TOOLKITS

Swidler (1986, pp. 273) toolkit approach states how culture impacts on action "by shaping a repertoire or "tool kit" of habits, skills, and styles from which people construct their "strategies of action". The actions of individuals are then not seen to be determined by values, wants, and preferences of individuals, but rather by their espoused "cultural equipment", referred here as their culturally shaped habits, skills, and styles (Swidler, 1986). Individuals are regarded to have unique sets of culturally shaped skills, styles and habits that influence on which set of actions make sense for them to do, and which actions they regard

as to be useful in each specific cultural context (Swidler, 1986). As a summary, the toolkit model highlights that organizational actors use cultural aspects as a resource within organizations. Individuals then choose the suitable ways to respond in different situations based on their cultural equipment. The toolkit understanding of culture (Swidler, 1986) has then been referred to embody practice theory-based understanding of culture (Lounsbury & Beckman, 2015). Weber (2005) for example, have noted how Swidler's (1986) toolkit view relates to the theories of practice (Cetina, Schatzki and Von Savigny 2005; Schatzki 2001) as it recognizes that culture provides the organizational actors the tools that can be used within the specific organizational environment. While according to Schatzki (2001), the toolkit view of culture relates to practice understanding as it understands the nature of culture and its transformation in the terms of site or field of practices, rather than for example viewing culture as beliefs, ideas or values. Then it can be said that the toolkit approach shifts the focus from the values – the ends of action, to means of action – also referred as cultural resources (Weber, 2005).

However, criticism have been raised especially related to the toolkit approach notion of actors having the flexibility to freely choose and mix various cultural elements (Giorgi, Lockwood and Glynn, 2015). The model's limitation is then argued to be that it does not clearly state what limits the actors from using specific tools and repertoires in an organizational setting (Giorgi, Lockwood and Glynn, 2015). According to Weber & Dacin (2011), research in relation to the agentic models of culture then started to question if there was something that would restrict the cultural resources available for individuals, and then limit their abilities to broaden their cultural toolkits. Authors regard that this questioning resulted in that multiple researchers moved to apply concepts such as: identity, logics, categories, and habitus (see Bourdieu, 1990) (Weber & Dacin, 2011). This was because these concepts better embodied the idea that actors and interactions situate in a larger cultural context which limits the cultural resources available for these actors (Weber & Dacin, 2011). Alvesson et al. (2017) then in turn argue that cultural research has excessively focused on concepts that embody the agentic understanding of culture (e.g. organizational identity, discourse, and culture-as-toolkit view). The authors see that cultural research should rather concentrate on analyzing the taken-for-granted of organizational reality by aiming to see behind the concepts such as discourses and identities, then focusing on examining the silent, overlooked, less explicit, and silenced realities (Alvesson et al., 2017). Alvesson et al. (2017) then advocate an emphasis on thick description and in-depth cultural research that would

recognize that interesting aspects relating to a particular culture may lay outside of individuals agentic uses of culture. Added with the idea that the constitutive elements of a culture may be linked to unspoken routines and implicit acts which occur within this specific cultural context (Alvesson et al., 2017).

In this study we acknowledge this criticism presented by Alvesson et al. (2017), and therefore we have aimed to broaden our understanding of culture as a taken-for-granted aspect by introducing and adopting the notion of culture as practice which relates to the ideas and concepts of Swidler (2001).

2.2.2 CULTURE AS PRACTICE

Swidler (2001) do not directly refer to culture as practice but rather discusses of culture “as practices in interaction with discourse” (p.84). Discourse here relates to “the set of interrelated meanings that constitutes a cultural system” (Swidler, 2001, pp. 84). According to Swidler’s (2001) cultural understanding ideas and values do not situate in the minds of individual actors, but rather they locate in the impersonal arena of discourse. Author argue that in this way culture then becomes something that can be observed, which is not possible for example regarding cultural understandings that view culture as meanings, ideas or values that situate in the realm of individual subjectivity (Swidler, 2001). Then in relation to our study, one of the most important notions of Swidler’s (2001) model is the author’s argument that organization’s cultural practices are action that is organized through logic that is more or less visible. Then in order to analyze culture researcher is regarded to need only to describe this logic of how this action is organized (Swidler, 2001). Author refer to this logic as the structure of a set of practices. Swidler (2001) then assumes that some of these structures and practices that relate to these practices, are more fundamental, deeper and powerful than others (Swidler, 2001). Swidler (2001) further argue that by uncovering this underlying deep structure in a research setting, the researcher is able to understand where the observed practices originate from and how all of the practices fit together in a specific organizational setting. Although, it is also noted that all organizations might not have a governing structure, but rather they might have multiple and contradictory structures (Swidler, 2001). Cultural analysis is regarded to be difficult in these kinds of contexts, because interpretation of multiple structures is argued to easily end up in a dead end (Swidler, 2001).

Swidler (2001) theoretical model builds on idea that organizations may have constitutive rules that define what counts as what in specific organization's context and reality. These constitutive rules are regarded to be overarching concepts that characterize the nature of the organization (Swidler, 2001). It is regarded that no one formulates these rules explicitly, making them then also hard to be observed by organizational actors even if they were made explicit (Swidler, 2001). Ahrens (2018) further argue that while these constitutive rules define the nature of organization, they also define the identities of organizational members. This is as these rules are regarded to constitute the key social relationships within organizations, such as negotiations between different organizational groups (Ahrens, 2018). Finally, it is argued that these rules should be visible within multiple managerial practices in order that they can be said to characterize the organization (Ahrens, 2018).

In relation to the above discussion on governing structures, Swidler (2001) hypothesizes that organizations may have practices that are more central and controlling than other practices. Author refers to these as anchor practices, which then are thought to have the ability to anchor other forms of practice and discourse because they enact or reproduce the constitutive rule that defines the social entity (Swidler, 2001). According to Swidler (2001), these anchor practices are more dominant practices as they influence on subsidiary and other practices by providing them the context in which these practices are produced and reproduced (Swidler, 2001). The anchor practices are then thought to have the ability to structure significantly the social reality within an organization by directing actions of actors (Swidler, 2001). This also implies that anchor practices may be quite persistent within organizations, and that changing of these practices may require breaking of the collectively well-established understandings concerning the whole nature of reality within the organization (Swidler, 2001).

According to Swidler (2001) the anchoring practices then may share few common characteristics with each other. First, anchor practices are more likely to be central and then able to anchor larger domains of practice and discourse (Swidler, 2001). Second, anchor practices may be present at the center of antagonistic relationships (Swidler, 2001). This means that these practices may be such that make different organizational actors with different interest discuss more often on matters that revolve around these practices, adding then the longevity of these anchor practices (Ahrens, 2018). Third, these anchor practices have more likely a highly visible position within the organization (Swidler, 2001). This high

visibility is thought to make organizational actors able to reassure themselves about the wide acceptance of these practices, again increasing the longevity of these practices (Ahrens, 2018). Then lastly, Swidler (2001) hypothesizes that especial anchoring power might have those ritual practices that determine the ways in which central and informally emerged social relationships are created and reproduced.

Above we have presented the understanding of culture as practice through Swidler (2001) ideas. We see that culture as practice understanding is suitable for our study purposes, as we regard that it aids us to illustrate how organizational culture as an overarching concept may impact on cybernetic controls. This view is supported by Lounsbury & Beckman (2015, pp. 299) as they note how many social theorists have regarded practice as “a key concept that links broader cultural belief systems and social structures to individual and organizational action, often in a dialectical way”.

2.2.3 CULTURE AND CONTROL

In the context of management accounting the different understandings on the nature of culture can be related to different understandings on the relationship between culture and control. There are three distinct ways in which culture and control relationship has been regarded in the management accounting literature (Berry et al., 2009). All of these also represent different underlying assumptions on to what extent culture can be used as a managerial tool (Alvesson, 2002). Berry et al. (2009, pp. 12) present that these different assumptions are that: 1) control dominates culture, 2) culture is control, and 3) culture dominates control.

According to Berry et al. (2009), the 1) control dominates culture view recognizes that managers can design the organizational culture. This understanding regards culture as a building block, or as a subsystem which is regarded to be able to separate distinctly from other aspects of the organization (Alvesson, 2002). Then again, 2) culture is control understanding recognizes that culture establishes norms, cognitions, etc., which are regarded to mold everything in the organization (Berry et al., 2009). This understanding also recognizes that control may impact on culture through reconstituting it (Berry et al., 2009). We argue that culture is control view relates strongly with what Alvesson (2002) have referred as “management as symbolic action”. This understanding of culture regards that

culture situates and is conveyed through actions, language and organizational arrangements (Alvesson, 2002). Further it is thought that culture is capable to influence on beliefs and understandings within organizations through these actions, language and arrangements (Alvesson, 2002). This understanding then recognizes that management action can influence on overall attitudes, understandings, and orientations within the organization and that way management is able to impact on culture (Alvesson, 2002). Then finally, 3) culture dominates control view regards that norms, cognitions, etc., shape the structures of control within organizations (Berry et al., 2009). This view mostly regards culture as something that management needs to adapt to (Alvesson, 2002). Culture is seen to incorporate deep values and taken-for-granted aspects that need to be understood by the management for them to be able to avoid making mistakes, but also to recognize the viable orientation directions for the organization (Alvesson, 2002).

It can be regarded that the 1) control dominates culture and 3) culture dominates control assumptions on the nature of culture and control are quite similar with the conceptualizations of culture as a variable and culture as a root metaphor. The 2) culture is control assumption, then again, can be considered to situate more in the middle of these two different extremes. According to Alvesson (2002) researchers have usually chosen the understanding of culture as building block, even though the other two understandings could be viewed as more realistic approaches. For example, it can be regarded to be more probable that organization management gets a group of people to share certain understandings of organizational reality – view which is in line with the understanding of management as symbolic action (Alvesson, 2002). Compared to the view of culture as building block, that rather regards that management is able to make everybody in the organization adopt the same values and norms (Alvesson, 2002).

In this study we have adopted an interpretivist understanding on culture with a functionalistic take. This is a first of all, we examine the ways in which cultural meanings emerge within the case organization, which is in line with interpretivist approach (Schultz & Hatch, 1996). Then again, our analysis is done in accordance with functionalistic approach as we use the predefined conceptualizations introduced by Swidler (2001) that presume that there might exist distinct hierarchy between different organizational practices. We do not see our approach as problematic, as this kind of mixing of interpretative approach with a cultural framework is rather suggested by Alvesson (2002). More specifically in this study we adopt

the understanding of culture as practice, which can be regarded to strongly relate with the culture is control view (Berry et al., 2009), and with the management as symbolic action view (Alvesson, 2002). We argue that this is because first of all, culture is control view acknowledges that culture establishes norms and understandings which shape everything, while the view also recognizes that control impacts on, and reconstitutes culture (Berry et al., 2009). While then again, the management as symbolic action view recognizes that culture is mediated in actions and arrangements, which then in turn have an impact on understandings within the organization (Alvesson, 2002). We see that these notions relate strongly with the assumptions on the nature of organizational culture we adopt in this study, which we refer as culture as a practice. We assume that organizational culture within organizations is conveyed through actions, language, and arrangements. While we then regard that organizational culture situates and is visible in the actions of the organizational actors. We further acknowledge that this action is occurring within a specific organizational context, and therefore we regard that cultural aspects are also visible in different organizational arrangements. As a summary, in this study we then adopt a practice-based understanding on the nature of organizational culture. In the next section we focus on broadly explaining practice theory.

2.3 PRACTICE THEORY

In this section we first introduce the core assumptions of practice theories. Then we present the practice theory by Schatzki (2001; 2002; 2003; 2005; 2006; 2012; 2016a; 2016b). While finally, we present the accounting literature that has addressed management control from the practice theoretical viewpoint.

2.3.1 PRACTICE THEORY INTRODUCTION

It is argued that Ortner in 1984 was one of the first authors to bring forth the term of "practice theory" (Schatzki 2016a). The practice-based thinking has then emerged within multiple disciplines such as philosophy, sociology, anthropology, science, and cultural theory (Schatzki, 2001). Practice based ideas then emerged quite simultaneously within multiple disciplines that all had their own unique history, vocabulary and set of basic assumptions (Nicolini, 2012). Especially this separate emerge of practice-based ideas within multiple

different disciplines is regarded to be one of the reasons why there is no such thing as unified theory of practice (Schatzki 2001; Nicolini 2012). However, according to Miettinen, Samra-Fredericks and Yanow (2009) the social practice theory can be described through referring to the works of researchers that have theorized their versions of practice theory, such as Bourdieu (1977) and Schatzki (1997), but also through referring to other researchers that have recognized the importance of practices within the concepts they have introduced (e.g. Giddens, Foucault, Garfinkel, Latour).

Contemporary social theory has referred the emergence of practice-based thinking as the “practice turn” (Whittington, 2006). According to Reckwitz (2002), it is related to theoretical differentiation from two classical vocabularies of social theory which author refers as “homo economicus” and “homo sociologicus”. Schatzki (2005) refers to these as individualism and societism. In general, individualists regard that social phenomena can be broken down and explained by the properties of individual actors (Schatzki, 2005). While action is regarded to be mostly governed by individual purposes and interest (Reckwitz, 2002). Then again, societists view that social phenomena are something else than features of individual people and groups (Schatzki, 2005). Within this view, action is regarded to be determined by collective norms, rules, and values (Reckwitz, 2002). According to Reckwitz (2002), several cultural theories then emerged in contrast to these two understandings. These cultural theories regarded that action situates within unconscious or implicit collective symbolic structures (Reckwitz, 2002). These theories assumed that the collective symbolic structures grant actors a socially shared way of understanding the organizational world (Reckwitz, 2002). According to Reckwitz (2002), practice theory is one of these cultural theories. Author notes that the key aspect in practice theory is that it assumes the social situates in practices rather than in subjective mind, discourse or conversations, as has been presented in other cultural theories (Reckwitz, 2002). In an overall sense, one of the key characteristics within practice theories is then that the realm of the social is understood to exist on a single level – practice level (Schatzki, 2016b). Referring to that the smallest unit of analysis is practices (Reckwitz, 2002).

While there does not exist a unified theory of practice, research has identified that there are few basic commonalities shared among different practice theories (Reckwitz 2002; Whittington 2006; Schatzki 2016b; Schatzki 2016a). Schatzki (2016b) for example, presents that common for practice theories are that: a) practices are thought to be central and key

aspects in analyses of social phenomena, b) practices are thought to be social in character and carried out by multiple people, and finally, c) social phenomena are understood as aspects of, or embedded in practices. Feldman & Orlikowski (2011) have defined these commonalities slightly differently. Authors suggest that practice theories share three principles: a) everyday actions are thought to be important in producing social life, b) dualisms are rejected between elements that are usually seen as separate such as mind and body, cognition and action, objective and subjective, agency and structure (Reckwitz, 2002), and c) the aspects of practices are always regarded to exist in relation to each other, meaning that they are reproduced in a relational manner, impacting one another (Feldman & Orlikowski, 2011). In the next section we explain the version of practice theory introduced by Schatzki (2001; 2002; 2003; 2005; 2006; 2012; 2016a; 2016b).

2.3.2 PRACTICE THEORY BY SCHATZKI

Schatzki (2005) refer to the above practice-based understanding with the concept of “site ontology” that understands that social life and human coexistence is tied to the context (or “site”) in which it transpires. The site³ of social is seen to form and consist of nexuses (or “mesh”) of practices and material arrangements (Schatzki, 2005). With the assumption that “social life inherently transpires as a part of such nexuses” (Schatzki, 2005, pp. 471). The meshing of practices and arrangements here refers to the notion that within a social site exists a specific mesh of practices and arrangements that impact on each other (Schatzki, 2003). Practices are understood to be molded in various ways by arrangements as these practices transpire within these arrangements, but also arrangements are thought to be set up and changed within these practices (Schatzki, 2003). Practices and arrangements can then be thought to “bundle” as practices impact, give meanings and are inseparable from arrangements, while arrangements in turn facilitate and act as channels for practices, being then essential to practices (Schatzki, 2012). These practice-arrangement bundles then connect to other bundles that then form wider “constellations” of practices and arrangements (Schatzki, 2016a). While the difference between small and large social phenomena can be considered to be that larger phenomena has more spatially and temporally wide-ranging

³ This site is also referred as “field of practices” (Schatzki, 2001)

practice-arrangement bundles (Schatzki, 2012). When we take these ideas into an organizational context, it can be considered that within organizations operate multiple practice-arrangement bundles. However, according to Schatzki (2005) a single organization could also be regarded as a single practice-arrangement bundle. Seen this way an organization: (1) is a product of actions performed in practice, (2) is a mesh that embodies existing practice-arrangements and new practice-arrangements, which of both are subject to possible changes, and (3) continues its existence through preservation and maintenance of its practices and arrangements (Schatzki, 2005).

As noted before, the site of the social is thought to consist of two elements; practices and material arrangements (Schatzki, 2005). Material arrangements are defined as linked bodies, organisms, or artifacts (Schatzki, 2016b). While a practice refers to a “set of hierarchically organized doings/sayings” (Schatzki, 2002, pp. 73), or alternatively to “organized, open-ended spatial-temporal manifold of actions” (Schatzki, 2005, pp. 471). It can be regarded that Schatzki later combined these practice definitions by describing a practice as “open-ended, spatially-temporally dispersed nexus of doings and sayings” (Schatzki, 2012, pp. 14). This definition of practice is not self-explanatory, and therefore we here further explain the above concepts that Schatzki have used to describe a practice. Open-endedness refers to that practices are not formed of any specific number of activities (Schatzki, 2012). While spatial-temporality refers to an understanding that all of the activities that form a practice happen somewhere in objective space and for the duration of some objective time (Schatzki, 2012). This means that a practice’s activities then might spread out over space and time (Schatzki, 2012). Nexus of activities here refers to that the activities are connected and organized through relations such as causality and intentionality (Schatzki, 2012). While finally, most basic doings and sayings are regarded as bodily activities (Schatzki, 2012). While sayings are being further defined as all doings that say something about something (Schatzki, 2012).

A practice’s activities are then thought to be organized by a pool of understandings, a set of rules, teleoaffective structures (Schatzki, 2005), and by general understandings (Schatzki, 2012). Practical understandings are regarded as know-how in terms of how to carry out desired actions through basic doing and sayings (Schatzki, 2012). Rules refer to explicit instructions and directives that participants in the practice observe and may possibly disobey (Schatzki, 2006). While teleoaffective structure “encompasses a range of ends, projects, actions, maybe emotions, and end-project-action combinations that are acceptable for or

enjoined of participants to pursue and realize” (Schatzki, 2006, pp. 1864). While finally, general understandings can be regarded as common understandings about the nature of work, and proper interactions (Schatzki, 2006). According to Schatzki (2005), all of these elements may change over time based on contingent events. We see that this implies that change related to any of these elements may also change the overall nature of a practice. Overall, the practice organizing is regarded to be dependent on these four elements (Schatzki, 2016b).

Practices are non-individualist phenomena (Schatzki, 2005). This means that practice organizing is not done by anyone or in any intentional manner (Schatzki, 2016b). Therefore, the organization of practices is not formed through any set of aggregate properties of a specific set of individuals, or their actions, understanding, rules, desires and emotions (Schatzki, 2003). Rather, the organization of practice is a distinct phenomenon from its elements that it consists of (Schatzki, 2003). This means that a practice’s organization is “out there” in practice, with the idea that only different parts of this practice are “in here” in the minds of individuals (Schatzki, 2003). Then the different versions of practical understandings, rules, ends, and tasks situate in practice participants’ minds (Schatzki, 2005). This is regarded to be result of that individuals have different training, experience, intelligence, and status (Schatzki, 2005). In this sense, even if teleoaffective structure is a property of practice it still may be object of controversy as it situates in different forms in the minds and actions of different practice participants (Schatzki, 2002). Then again, while the practice organization as practical understandings, rules, and teleoaffective structure is thought to organize activity that creates the practice, these elements are not regarded to actually determine any individual action (Ahrens & Ferry, 2018). According to Schatzki (2002), activity on an individual level is rather governed by “practical intelligibility”. This notion states that an individual does what makes sense for that specific person to do next in the continuous flow of activity (Schatzki, 2002). An individual is then not bound by a practice’s organizing elements, but rather action is governed by what makes sense for this individual do.

According to Schatzki (2006), it is important to recognize the existence of what he refers as “practice memory”. The practice memory is referred by the author as the “persistence of structure from the past into the present”, and it is referred as an aspect of practice that is maintained in an interactional manner (Schatzki, 2006, pp. 1868). It is regarded that the ideas related to the past are not what stay in practice memory, but rather the past practice’s

organizing elements – practical understandings, rules, and teleoaffective structure and the past effects of these elements, shape how the current activities emerge within an organization (Ahrens & Ferry, 2018). It should be noted that while the notion of practice memory recognizes the importance of understanding the past activity, it also recognizes the importance of understanding the past material arrangements within an organization (Schatzki, 2006). In an overall sense; practices, arrangements, bundles, and their components then do not situate only in a specific time and place, but rather spread over objective time and space (Schatzki, 2016b). We see that this implies that it could be possible to examine current practices by analyzing the past practice organizing elements of these practices. All in all, it is regarded that an organization can be better understood by considering “the memory” of the organization (Schatzki, 2006).

From an organizational and managerial point of view it is interesting how practice-arrangement bundles change through time, and if it is possible to alter these bundles in order to make them better suited for managerial needs. According to Schatzki (2012), a bundle is never in a settled form before its participants act within its practices. However, it should be noted that the perpetuation of bundles is usually the default state as people are regarded to strive for existing normativity and then performing what is for them acceptable to do within the current practices (Schatzki, 2012). However, author then view that the dissolution of bundles is possible but it is seen to be more likely through external causes than internal factors (Schatzki, 2012). Author then imply that in order for an organization to increase the likelihood of dissolution of specific bundles it should introduce some kind of external pressure (Schatzki, 2012). Then again, people are regarded to react to these altering attempts in unpredictable ways, meaning that the targeted bundle may evolve or otherwise dissolve in a way that was not desired (Schatzki, 2012). The same is thought to apply to newly established practices and bundles as after their establishment these practice-arrangement bundles may emerge in unforeseen ways, ultimately then evolving into something that was not originally intended (Schatzki, 2012). In the next section we present the accounting literature that has recognized practice based theoretical ideas.

2.3.3 MANAGEMENT CONTROL AS A PRACTICE

Hopwood’s (1983) influential paper can be considered as one of the first in the field of management accounting that brought forth the idea of practice-based accounting research

(Baxter & Chua, 2009). This is as it encouraged researchers to recognize in greater extent the context in which various accounting practices situate, while highlighting simultaneously the heterogeneous and non-static nature of accounting (Baxter & Chua, 2009). According to Lounsbury (2008), practice term has then gained interest in field of management accounting within studies that use behavioral approaches to study accounting (e.g. Ahrens & Chapman, 2007; Ahrens & Mollona, 2007). Quattrone (2009) refer here to the practice turn in accounting studies, which he argues to have been revitalized by the works of Ahrens & Chapman (2007), Ahrens & Mollona (2007) and Lounsbury (2008)⁴. The practice turn can be referred as accounting researchers starting to adopt theories and ideas from works of Foucault, Giddens, Schatzki, Bourdieu, Latour and Callon and then theorizing and studying empirically the “actor-hood of accounting technology”⁵ (Boedker & Chua, 2013, pp. 246). In an overall sense, in the field of management accounting the interest in practice theories can be regarded to be about experimenting and applying practice theories of social action to management accounting problems, with the underlying understanding incorporated that there may be multiple, diverse, and shifting “accountings” in different organizational contexts (Baxter & Chua, 2009). This notion can be related to Quattrone & Hopper (2001) argument that accounting shouldn’t be seen as simple knowledge creating activity, but rather accounting knowledge should be thought as diverse and co-created in different organizational locations and in various points of time. Similarly, Hopwood (1987) has noted how accounting should be recognized as playing active role in organizations, rather than only as being actively shaped in relation to organizational context and its affairs.

Ahrens & Chapman (2006b, pp. 100) in their paper discuss of accounting studies that have aimed to analyze the social, organizational, and cultural aspects of management accounting through conceptualizing “the orderly properties of the social arrangements around accounting as a direct outcome of activity”. Ahrens & Chapman (2006b) have grouped the reviewed studies to four strands, in order to illustrate how these different studies contribute

⁴ Lounsbury (2008) paper advocates a more macro and institutional based practice view on studying accounting practices, rather than focus on a specific organization and its organizational practices.

⁵ In relation to our study, the most relevant accounting studies using practice based theorizing are those works that have used Schatzki’s practice theory based understandings (Ahrens & Chapman 2007; Ahrens & Mollona 2007; Ahrens 2018; Ahrens & Ferry 2018; and Ahrens et al. 2018).

to understanding accounting as a practice. As a summary, all of these strands aim to elaborate our understanding of accounting in action in everyday organization and social life (Ahrens, 2009). While regarding the social order in organizations as a direct outcome of activity (Ahrens & Chapman, 2007).

The identified four strands of studies using practice theorizing in the management accounting literature are: governability, actor network theory (ANT), accountability, and situated functionality studies (Ahrens & Chapman, 2006b). Governability studies have been related to understanding, “the practice of accounting arising from a historical understanding of the disciplinary powers of systematic bodies of knowledge” (Ahrens & Chapman, 2007, pp. 4). Within this strand of studies, accounting is often seen to act as a “structure of intentionality” (see Goodwin, 1994), this understanding states how “charts, maps, and other schemes can powerfully structure the cognitive practices of social groups, as can accounting” (Ahrens & Chapman, 2007, pp. 4-5). ANT studies then have used the works of Latour and his collaborators to study accounting systems and their design by understanding the social as heterogeneous networks of humans and nonhumans (Ahrens & Chapman, 2007). While accountability studies have examining the relationships between accounting systems and systems of accountability operating in organizations, and usually by focusing on the accounting control systems ability to exert anonymous types of control on individuals and groups (Ahrens & Mollona, 2007, pp. 308).

The fourth strand, situated functionality of management accounting practices can be regarded to be strongly related to the practice theory by Schatzki (2001; 2002; 2003; 2005; 2006; 2012; 2016a; 2016b). This is as Ahrens & Chapman (2007) refer to the Schatzki’s conceptualization of site of the social that is formed of nexus of practices and material and technical arrangements that relate to each other, while practices are further seen to be organized by practical understandings, rules, and teleoaffective structures. Key aspect in this strand is that management control and management control practices are regarded to function as structures of intentionality (Ahrens & Chapman, 2007). This is as management control is thought to embody the “cognitive processes that are distributed over people, practice, arrangements, and contexts” (Ahrens & Chapman, 2007, pp. 22). While management control practices are thought to be “central to the organizing because they help bring about connections between the diverse activities of organizational members” (Ahrens & Chapman, 2007, pp. 22). According to Ahrens (2018), management control practices as “structures of

intentionality” then could be regarded to control other practices as they give the other practices the context through which these practices are used. Author states that for example organizational priorities (e.g. profitability) and work practices to achieve them (e.g. tight budget control) can be regarded to be somewhat influenced by these structures of intentionality. Therefore, it is thought that accounting is, to some extent, capable of structuring various activities of organizational actors (Ahrens & Chapman, 2006b). From this viewpoint management control is not then only accounting blueprints, budgeting rules and expenditure restrictions, but rather it is something that is used by actors as a shared resource (Ahrens & Chapman, 2006b). In an overall sense, the studies of situated functionality can be regarded have the aim of elaborating how accounting and control practices are embedded in the mesh of total organizational practices and arrangements (Ahrens, 2009). This involves examining the meaningful ordering of organizational and social practices and how it is related to accounting (Ahrens, 2009). According to Ahrens & Chapman (2007), studies of situated functionality could examine the specific activities that make a practice, or alternatively examine the more lasting structures of an organization. In this study we examine the more lasting structures of an organization as we focus on organizational culture impact on cybernetic controls.

According to Ahrens & Chapman (2005), one of the noteworthy characteristic shared among the practice theories is the notion that the free will of individuals is thought to be conditioned by “the system” – the context, and present action – referred as routines. Here routines should not be regarded as action that is unthinkable repetition, but rather as purposeful action of individuals (Ahrens, 2009). This means that individuals may choose to act within practices either through repetition with the aim to preserve the practices, or alternatively through innovative ways with the aim to change the practices (Ahrens, 2009). In an overall sense, practice-based understanding is then about examining the actor’s purposeful activity in practices which is organized through practical understandings, rules, and teleoaffective structure, added with the understanding that individuals have the volition to behave in ways that are not determined through strict rule-following aspects (Ahrens & Chapman, 2007). This definition elaborates why also MCSs can be seen as resources for

action for organizational actors⁶ (Ahrens & Chapman, 2007). According to Ahrens & Chapman (2007), management accounting researchers should not focus on how to constrain individuals and suppress their resistance through the use of MCSs, but rather recognize that MCSs may act as resources in everyday organization reality, which then are used by skillful organizational actors to achieve specific ends.

Hopwood (1983) have noted how neither accounting cannot be separated from the organization, nor can organization be separated from its environment. In practice theory context this can be related to that the management control practices are not created in isolation within organizations (Ahrens, 2018). Practices are rather originally created by practitioners, consultants, scholars and regulators, while they are then adjusted within specific organizations to meet their contexts (Ahrens, 2018). The practice approach then understands that practices appear in unique ways in organizations as they are interpreted, refined, and improved by members of the practice in a specific space and time (Ahrens, 2018). Management control practices then exist in specific office spaces and in different forms based on used technology, while they are then also presented and discussed of in different ways based on specific individual actors operating within organizations (Ahrens & Chapman, 2007). Management control practices further mesh with organizational arrangements such as buildings, rooms, communication technologies, and enterprise resource planning (ERP) systems (Ahrens et al., 2018). In an overall sense, organizational phenomena such as strategies, budgets, and performance targets, are then thought to be constructed through chains of actions that occur within management control practices (Ahrens & Chapman, 2007). While these chains of actions may involve for example discussing how to get to the objective, giving and following orders, doubting and criticizing, generating reports and making comparisons, and taking corrective actions, etc. (Ahrens & Chapman, 2007).

⁶ MCSs as resources for action is similar notion than culture as resource notion. Culture as resource understanding states that people can choose from the cultural resources available for them, and then form various lines of actions using these resources (Swidler, 1986).

As we have previously presented, cultural practices could be regarded as action which is organized through more or less visible structure of a set of practices (Swidler, 2001). Swidler (2001) further argued that by defining this structure of a set of practices, the researcher would be able to describe culture. The same thinking can be related to studies that regard management control as a practice. In line with this thinking, Ahrens (2018) have examined how management control practices may structure other organizational practices by using the theory of practice hierarchies by Swidler's (2001). More precisely Ahrens (2018) examined if MCSs can function as anchor practices, and then constitute organizations. Ahrens (2018) case findings suggested that a more central MCS may anchor or structure the ways in which other practices operate (Ahrens, 2018, pp. 81). This finding depended on the notion that the central MCS enacts the constitutive rule of an organization that is considered to define the character of the organization (Ahrens, 2018). Ahrens (2018) case findings further indicated that anchor practices rather shape the context in which subsidiary practices operate. In an overall sense, this means that anchor practices were recognized to influence on the way in which activities were conducted within the other practices (Ahrens, 2018).

2.4 SUMMARY OF LITERATURE REVIEW

In this literature review's first section we outlined literature on management control, MCS, while we also presented MCS conceptual framework by Malmi & Brown (2008). This discussion can be regarded to have given a sufficient understanding of management control systems, and especially, comprehensive understanding on different cybernetic controls that may operate within organizations. Then we presented how within the management accounting field there has been criticism toward the MCS frameworks. Especially, we presented how some researchers have raised doubts if these frameworks are suitable in studies in which researcher aims for rich understanding of specific management controls and their interrelations (Otley 2016; Friis et al. 2015). Then in order to acknowledge this criticism in our study, we presented the understanding of accounting as a social and institutional practice (Burchell et al. 1980; Cooper et al. 1981; Hopwood 1983; Hopwood 1987; Hopwood & Miller, 1994; Roberts & Scapens 1985). This literature directed us towards alternative management accounting research, and especially towards the notion of using interdisciplinary approaches in understanding the social nature of accounting (Baxter & Chua 2003; Englund et al. 2011).

Then in the second section we briefly presented the two different broad understandings that organizational research has adopted in relation to culture, culture as a variable and culture as a root metaphor (Smircich 1983; Schultz & Hatch, 1996; Alvesson 2002). This discussion was followed with a discussion of a more recently emerged second wave of cultural research, which emphasizes agentic models in cultural research or either, the examination of the “private culture” – social group culture and the “public culture” – referring to cultural impact of external audiences (Weber & Dacin, 2011, pp. 2). Here we focused on agentic models of culture and especially on cultural toolkit model by Swidler (1986). This was because the toolkit model could be regarded to embody practice theory-based understanding of culture (Lounsbury & Beckman 2015; Weber 2005; Schatzki 2001). Then we presented Alvesson et al. (2017) criticism that research on organization culture have moved to study aspects (e.g. discourses, identities, and agentic understandings of culture) that are not originally inherent to organizational culture studies. The authors note that this has happened at the expense of studying meanings, symbols, and the taken-for-granted, which are aspects that were originally associated with the organizational culture studies (Alvesson et al., 2017). In relation to this criticism, and in order to be better able to recognize the taken-for-granted aspects of organizations culture, we then introduced the notion of culture as practice which relied on the ideas of Swidler (2001). Then in this second section we presented also the discussion on the relationship between culture and control. This is because we regard that the different understandings on the relationship between culture and control reveal the different ways in which accounting researchers have regarded the nature of culture, and then reveal their assumptions on how culture might impact on accounting.

In the third section, we first presented a brief introduction to practice-based understanding. This discussion was followed by a comprehensive explanation of practice theory by Schatzki (2001; 2002; 2003; 2005; 2006; 2012; 2016a; 2016b). Then we presented the management accounting literature that have adopted practice-based understanding. In this section we presented the four strands of practice theorizing in the management accounting literature: governability, actor network theory (ANT), accountability, and situated functionality studies (Ahrens & Chapman, 2006b). The most relevant of these strands in relation to our study was regarded to be the situated functionality understanding as it uses practice conceptualizations that base on Schatzki’s practice theory (Ahrens & Chapman, 2007). Then we moved to introducing Ahrens (2018) notion that within organizations may exist management control practices that are more dominant and anchoring, and then able to structure other

organizational practices. Ahrens (2018) used the conceptualizations of constitutive rules and anchor practices by Swidler (2001) and applied these notions to MCSs within an accounting study.

As a summary, in this study we use the idea of anchor practices in order to examine the ways in which the organization culture impacts on cybernetic controls (Swidler 2001; Ahrens 2018). Then again, in our study we also adopt situated functionality-based approach as we use Schatzki's notion of practice organizing elements (Schatzki, 2002, 2003, 2005, 2006, 2012, 2016b) to further examine how organizational culture may impact on cybernetic controls. Then the research question of this study can be outlined as: *what kind of overarching meaning structures exist within the case organization, and do these structures impact on the way in which the cybernetic controls emerge?* Here we refer to organizational culture with the overarching meaning structures. While cybernetic controls are defined as: budgeting, financial and non-financial measurements, and hybrids (Malmi & Brown, 2008).

3 METHODOLOGY

3.1 CASE STUDY AS A RESEARCH METHOD

In the field of accounting can be distinguished two distinct and alternative research methodologies statistical research and case research, of which of the latter generally emphasizes the importance of interpretation and deep understanding in research settings (Lukka & Kasanen, 1995). In the field of management accounting case studies and fieldwork have been referred as studies of management accounting in their specific organizational context (Scapens, 1990). Researchers using case study method are regarded to be able to study the nature of management accounting in practice as embedded within the day-to-day practices of an organization (Scapens, 1990). Related to this, Ahrens & Dent (1998) present how in the field of accounting two groups of field researchers can be identified, those researchers that aim to contribute understanding accounting as a technique and the researchers that examine the linkages between accounting and management, or accounting and other organizational processes. The researchers of the latter group usually understand accounting as embedded in a social system of organization, with the focus being on examining the different interpretations and roles of accounting operating within specific organizational settings (Ahrens & Dent, 1998).

Case based research can be described to be qualitative research (Vaivio, 2008). Qualitative research as a term can be considered to signify the interpretative research in accounting that is case based and uses rich empirical data from one or multiple case companies (Vaivio, 2008). Sources of this rich empirical material can be interviews, documents, and participant observation (Vaivio, 2008). Then again, Ahrens & Chapman (2006a) note how the qualitative term here rather signifies methodology. Referring to that qualitative research is not actually determined by the methods used in the study, such as interviewing, observation, and questionnaires (Ahrens & Chapman, 2006a). Rather qualitative field or case studies should be regarded as studies that collect data from a “field” by employing “qualitative” methodology, with the understanding that this field is social in nature (Ahrens & Chapman, 2006a). The field is not regarded to represent an objective reality, but rather it is thought that the field can be described only through theories that elaborate the activities of the field (Ahrens & Chapman, 2006a). Researchers are then thought to get only a limited view of the

field as they only engage with some specific sites and people of the field (Ahrens & Chapman, 2006a). Finally, it is thought that conducting a qualitative field study involves constant reflection of empirical data and relating it against different theories, with the aim being examining how the empirical data could contribute to the selected theories (Ahrens & Chapman, 2006a). The underlying notion being that the phenomena in the field may be best understood through references to multiple theories (Ahrens & Chapman, 2006a).

Ahrens & Dent (1998) then advocate researcher to use “rich accounts” in field studies. These rich accounts usually refer to studies that are small sample studies and recognize a deeper understanding of accounting in its organizational and social context. (Ahrens & Dent, 1998). The aim of these studies is to make understandable the actions and motivations of skillful organizational actors that use accounting in routinized ways in their daily work (Ahrens & Dent, 1998). It is then seen that a researcher that aims for rich field research could focus on the conflicts and tensions related to the use of accounting, in this way then possibly uncovering the accounting interpretation differences for example between central and local sites (Ahrens & Dent, 1998). Then by using this type of approach researchers then could bring fourth “the different voices around accounting in organizations” (Ahrens & Dent, 1998, pp. 2).

Scapens (1990, pp. 265) present five case study “types” for classification of different case studies. These types of case studies should not, however, be thought to be definitive in the sense that they could not overlap with each other. According to the author, these types are: descriptive, illustrative, experimental, exploratory, and explanatory case studies. Descriptive case studies describe accounting systems and techniques used in practice. Illustrative case studies aim is usually the description of new practices developed by a specific company. Experimental case studies then generally are about developing new accounting procedures and techniques. These studies might also involve examining the difficulties of implementation of these new procedures and techniques, and then also evaluation of the benefits resulted of the implementation. Then again, exploratory case studies may explore reasons for specific accounting practices and act as a preliminary investigation for later empirical testing studies that aim to produce generalizations. Finally, explanatory case studies usually aim to explain reasons for accounting practices with the focus being on a specific case. In explanatory studies theory is used to understand phenomena rather than to create generalizations. (Scapens, 1990)

Then in relation to our research, it has been noted that especially case studies that are informed by social theory can be used to study accounting as a social practice (Scapens, 1990). This research has generally understood accounting practices to be socially constructed and locating within specific social and organizational contexts (Scapens, 1990). However, according to Vaivio (2008) the use of social theories in research settings has its own pitfalls. Author notes how qualitative management accounting studies that use social theories usually use only one social theory, which in the literature has been especially designed for explaining large macro level phenomena (Vaivio, 2008). Vaivio (2008) warns here of the problem that he has referred as “it fits, it fits!” problem of qualitative studies. This problem relates to that a researcher brings a social theory to the organizational setting and then concludes that the theory can be illustrated and verified in the context of organization’s specific management accounting practices. These “confirmation” studies are regarded to lack originality as they only make the statement that a particular social theory can be used in accounting (Ahrens & Chapman, 2006a). In a sense these studies then might not actually make any contributions neither to management accounting theory, nor to the selected social theory (Lukka & Vinnari, 2014). Therefore, it is argued that management accounting studies that use social theories should describe specifically the ways in which the used specific social theory contributes to our understanding of management accounting (Ahrens & Chapman, 2006a). This is because this way they may bring something new to the field of management accounting by for example broadening our understanding on application of specific management accounting techniques (Vaivio, 2008). It is then argued that one of the important aspects in achieving this is that the focal point of the research is set to be the case rather than the used social theory (Humphrey & Scapens, 1996). This way the research becomes about understanding the problems and issues relating to the accounting practice, and not about advancing the social theories (Humphrey & Scapens, 1996).

This study is conducted using qualitative case study approach, which as presented above, is regarded to allow us to probe deep and gain a good understanding of accounting phenomena in its specific organizational context. We argue that a qualitative case study is the most suitable method to be used as the theory about the linkages between accounting and social control elements is still in its early stages (Sandelin, 2008). The lack of prior theory on these linkages, combined with our focus on organization culture and on its subtle complexities, further advocate the usage of qualitative case study method. The used method relies on field

research that intends to provide “rich” understanding of the researched subject, and therefore allow the researcher to move beyond the identification and explanation of the phenomena and rather answer to question of why certain phenomena exist within the case organization (Merchant & Otley, 2006). In this study, we have adopted mainly the explanatory case study method, as our study aims to understand the social structures that shape the accounting practices currently in use within the organization (Scapens, 1990).

3.2 RELIABILITY & VALIDITY

Validity refers to question that is the researcher studying is the phenomenon that she or he have stated, or does the research design lead the researcher to study something else that is more or less than is claimed (McKinnon, 1988). Reliability, then again refers to the question that is the researcher obtaining reliable data in the sense that the data is independent from specific circumstances in which the data is gathered (McKinnon, 1988). It should be noted that the reliability of data in qualitative case studies is not determined by the use of research instruments, but rather it is question driven by the mix of structured data (e.g. structured interviews, different organizational reports) and unstructured data (e.g. unstructured interviews, researcher’s perceptions and observations) used in the research (Ahrens & Chapman, 2006a). Then in relation to validity it is regarded that researchers should aim to convince the reader of the case analysis validity (Ahrens & Dent, 1998). This may be done by presenting sufficient amount of in depth material so that the links between data and theory can be recognized (Ahrens & Dent, 1998). Field studies are then seen to have their own specific threats to validity and reliability which can be minimized through different strategies and tactics (McKinnon, 1988).

In this regard, Vaivio (2008, pp. 73-76) present general guiding principles for conducting qualitative case studies. These principles relate to research design, data collection, and data interpretation. Related to the research design, author argues that; a strong contextual understanding of organizational phenomena, its reflection on management accounting practices, added with other observations, makes the researcher able to better understand social phenomena related to the subject of the research. Resulting in that researcher is better equipped to give a “plausible contextually rich explanation of the research phenomenon that has theoretical value” (Vaivio, 2008, pp. 74). Then related to data collection, author regards that the longer time the researcher spends in the organizational context, the less likely it is

that the case study would suffer from reliability and validity issues. However, author advises that researcher should still keep appropriate distance in order to avoid “going native”. Author presents that further guidelines regarding data collection are; conducting a sufficient number of extensive and thoroughly prepared interviews in order to minimize respondent bias, interviewing people from both management and lower levels, aiming not to be perceived as “management spy” by the interviewees, speaking with the language of the interviewees while avoiding leading the discussion to predefined tracks, and lastly, asking probing questions on interesting issues emerging during the interviews. Then to further increase reliability and validity of the case study triangulation is advised between multiple different empirical material, such as internal memos, reports, manuals, written instructions, newsletters, and participant observation. Finally, the data interpretation phase is seen to be consisted of multiple iterations between theory and data that allows the researcher to reach a theoretically valuable interpretation of the data. It should be noted that the data interpretation process may involve researcher to find suitable theoretical explanations to the empirical data also from literatures beyond the management accounting literature. (Vaivio, 2008)

McKinnon (1988, pp. 37) then lists threats to validity and reliability in field research. These are: observed-caused effects, observer bias, data access limitations, and complexities and limitations of the human mind. Observer-caused effects relate to that observed participants may alter their behavior in the research setting. This is seen to be minimized by researcher avoiding to be regarded as management spy. Then observer bias refers to researcher’s tendency for biased observation. Authors note that while attempts would be made for minimization of observer bias, it still exists to some extent as the researcher has always a prior unique set of biases when entering the research setting. Data access limitations refer to the fact that researcher only spends limited time at the field, and that the access of the researcher may be restricted in the research setting. This means that the studied phenomena might not actually be the complete phenomena that is stated to be studied. Then finally, complexities and limitations of the human mind refer to that the interviewees may report knowingly the events in a polished or biased manner resulting in distorted data. Then again, interviewees may also unknowingly give statements that are not accurate due to natural human tendencies. Authors note that these threats could be minimized through specific strategies and tactics. Strategies are regarded to be: spending more time in the field, using multiple methods and observations, and finally, researchers controlling their social behavior

in the field. The specific tactics related to conducting these strategies are: thinking about suitable manner in which the notes are taken, choosing the type of participant observation method, possibly conducting a team research, added with informant and respondent interviewing, and finally asking probing questions. (McKinnon, 1988)

As previously presented, the researcher's prior knowledge guides the interpretation of the observations emerging during the field study (Ahrens & Chapman, 2006a). Then it can be regarded that research problem, theory, and empirical data are in constant influence with each other during the research process as researcher aims to uncover a plausible fit between these three elements (Ahrens & Chapman, 2006a). In qualitative field studies it is regarded that from; data, interviews, conversations, and observations of behavior and occurrences should ultimately emerge a plausible field study that is well-theorized and built around plausible narrative (Ahrens & Chapman, 2006a). It is then stressed that researchers should aim to make their studies "plausible" (Ahrens & Chapman, 2006a). Related to this, De loo & Lowe (2012) have argued that case studies might be able to increase their credibility and trustworthiness if they would present more in-depth how they have ended up to the presented interpretations. The line of thinking behind this is that all research may, in a sense, be considered as subjective (De loo & Lowe, 2012). In line with this thinking case studies can be regarded to be subjective descriptions of specific social systems (Humphrey & Scapens, 1996). Implying that the case study findings are always linked to the researcher with the idea that different researcher may have come to different set of findings from the same case (Humphrey & Scapens, 1996). De loo & Lowe (2012) then advocate that researchers should present their interpretations in a way that emphasizes their "reflexivity". This reflexivity is argued to better recognize the subjective role of the researcher, and how researcher may have been impacted upon the research (Taylor, 2018). Then giving a more complete picture of aspects behind the case theorization (De loo & Lowe, 2012). In an overall sense, this kind of reflexivity can be regarded to have the potential to increase the conceived plausibleness of the study, because the researcher outlines in greater extent how she or he have ended up to the presented interpretations (Taylor, 2018).

The researcher of this study can be argued to have had a good understanding of the organizational context and organizational history because researcher had been working in the company for three consecutive summers, added with one-year employment period during which the interviews were conducted. Empirical data can be regarded to have been

triangulated as in addition to interview data, we also used participant observation and reviewed company's internal memos, manuals, instructions and newsletters.

Seven of the nine interviews were audio recorded. These recorded interviews were then transcribed only after a short time later from conducting these interviews. Two of the interviewees did not want their interviews to be audio recorded, and therefore, the key points of these interviews were written on paper by the interviewer during these interviews. These written notes were then supplemented by the interviewer right after the interviews were conducted. This was done by filling the possible gaps in the notes from memory. All of the interviewed persons were working in the headquarters of the firm. While seven of the interviewees could be regarded to have a managerial position. It should be noted that as we have interviewed personnel mainly from the headquarters, our data emphasizes the viewpoints of the personnel situated in the headquarters. This can be seen as a limitation, but all in all, this was a conscious choice regarding the scope of this study. It should be also noted that the researcher has worked within the accounting department. This means that the researcher had close working relations with the personnel of the accounting department. Finally, it should be noted that as the researcher has been working in the organization, there exists a clear threat of "going native". Here we refer to an emotional involvement with the organization in such a way that the researcher may have had difficulties in separating the role of observer and participant (McKinnon, 1988). However, the researcher was not working anymore in the organization when this thesis was written, which can be seen to some extent minimize this threat.

The interview data consisted of nine semi-structured interviews that were thoroughly prepared (see Appendix 1). While the semi-structured interview template used in this study was formulated in such a way that aimed to reduce the likelihood of obtaining solely the official or the polished corporate view of the organization culture (see Appendix 2). The interviews were conducted between fall 2017 and spring 2018, and the durations of these interviews ranged from 30 minutes to 60 minutes. The interviewed persons were: project manager, service business manager, financial manager of the Southern region, CFO, business controller, HR manager, accounting manager, controller, and service solutions manager. Two of the interviewees were managers of profit-centers, while another two were managers of support functions. Then four of the interviewees were financial personnel. The remaining one interviewee had a managerial title but did not have subordinates or budgetary

responsibility. We see that the use of semi-structured interviews was suitable for our case study as semi-structured interviews are argued to be able to reveal “important and often hidden facets of human and organizational behavior” (Qu & Dumay, 2011, pp. 246). This is because semi-structured interviews allow the researcher to uncover the ways in which different respondents perceive the social world of the organization (Qu & Dumay, 2011). Through this approach the researcher is then able to learn the aspects of organizational culture from the viewpoints of multiple individuals, “thus bringing into the open often the hidden environment” (Qu & Dumay, 2011, pp. 246). Finally, it should be noted that in this study we have aimed for heightened anonymity of the interviewees in order to give the interviewees increased freedom to speak freely of the aspects relating to the organizational culture. This is because we regard that organizational culture might be a sensitive subject that brings up existing tensions within the organization. Then apart of this paragraph, the interviewees are not referred by their title, but instead, we refer to the seven audio recorded interviewees with alphabetical letters from A to G. These were assigned to each interviewee in random.

There exist different viewpoints concerning the ways in which organizational culture should be studied. According to Merchant & Otley (2006), the researcher should be outsider of the organization in order to be able to understand the cultural world that is full of taken-for-granted assumptions. Then again, Schein (2010) argues that in order to study culture the researcher should spend time in the organization to be able to experience the culture. This means that asking questions about the culture is not thought to be sufficient to uncover the organizational culture (Schein, 2010). We see it then as an advantage that the researcher has experienced the organizational reality and its cultural aspects in longitudinal manner for the time span of three and a half years. The researcher could also be regarded to have the role of both, outsider and insider of the organization culture. This is as the researcher had worked in the organization as a temporary employee for three consecutive summers, being then in a way outsider. While later researcher worked as both, part-time and full-time employee for a duration of a one year, being then more insider within the organization.

According to Schein (2010), a researcher can reveal the deeper-level assumptions that are shared within the organization by observing and interviewing the “old timers” of the organizational culture. In our study seven of the interviewees have worked in the organization for a longer time, while two of the interviewees could be regarded as “new-

hires”. Therefore, in line with Schein’s (2010) argument we see that in our research setting it is possible to obtain the image of the organization culture that involves the shared deeper-level assumptions. Then again, we also recognize that the new-hires might see the organizational culture differently than the people that have worked for a longer time in the organization. Then possibly bringing into light the taken-for-granted aspects of the organization, which in turn the old timers may not be able to recognize and articulate.

One of the limitations regarding the validity is related to the Malmi & Brown (2008) argument that it is important to study MCSs holistically by taking multiple controls into consideration. However, the authors in the same note emphasize that there are serious difficulties in empirically studying these very large and complex management control systems (Malmi & Brown, 2008). Especially authors view that this is a major difficulty for case study researchers to overcome as these researchers are faced with the task of making sense of each individual MCS package element’s complexity (Malmi & Brown, 2008). Therefore, it has been recommended that the research needs to move gradually and first aim to understand if and how certain MC practices form a system to solve specific control problem, before attempting to address the whole entirety of an MCS package (Grabner & Moers, 2013). In this study we have recognized this suggestion and then solely focused on organizational culture and cybernetic controls.

3.3 GENERALIZABILITY

Generalization can be referred broadly as stating conclusions that are “covering many or all cases of a certain type based on one or more observations of the real world” (Lukka & Kasanen, 1995, pp. 72). It has then been regarded that statistical and case studies face similar problems related to generalizability as they both aim to extract meaningful information from the real world (Lukka & Kasanen, 1995).

According to Vaivio (2008), the aim of qualitative research is not to produce statistical generalization or reasoning that applies to a broader population. Author notes that in qualitative research the theoretical conclusions arise from the local context. Further implying that the emerging theory is bound by the specific characteristics of this context. However, author regards that single case studies might still provide contextually rich explanations that are of theoretical value. This first of all requires that the researcher adequately recognizes

the social dynamics that influence the studied aspect. This refers to understanding the organizational processes and emerging tensions that reflect to the management accounting practices. Then again, author notes how qualitative studies should relate their results to the findings of other relevant studies. Therefore, it is stated that the researcher should identify the studies that have analyzed similar management accounting practices. While, the researcher then should present the theoretical aspects on which the study at hand differentiates from the other studies. Author regards that by acknowledging these aspects, a researcher's study might have a theoretical generalization potential. Then again, through these measures a study findings could also have added external validity. (Vaivio, 2008)

According to Lukka & Kasanen (1995), case studies are often seen to provide only an anecdotal evidence. However, the authors regard that in actuality the possibility for generalization in case studies may be far greater than is commonly thought. Authors present that in overall, there exist three main views on generalization in case studies. The first view denies it. The second view regards that the purpose of case studies is not to aim for generalization. While the third view acknowledges that high quality case studies to some extent have the potential to produce generalizable results. Authors note how the first view is prominent in mainstream accounting research. While the second view can be related to interpretative case researchers, which argue that a case study should be mainly an exhaustive examination of the studied objects. Then the third view regards that generalizability in case studies is not based on statistical aspects as in mainstream accounting research, but rather on a "theoretical" generalization. The researchers adopting the third view then regard that interpretations from empirical data could be theoretically presented in such a way, that these interpretations would contain general elements that could be meaningful also in other contexts. Authors then argue that within accounting research exist different ways or rhetorics to assure the reader that the case has general validity. These are: statistical, contextual, and constructive generalization rhetorics. It is regarded that researchers should pay attention especially to the contextual generalization rhetoric argumentation, as it is seen as key element in order to convince the reader of generalizability of the study interpretations. Contextual generalization rhetoric highlights the need for researcher to present the real business context and the related deeper structural relationships, emphasizing then the understanding of historical and institutional context of the case company. Most importantly, authors see that contextual rhetoric allows a case study researcher to present the empirical

interpretations not only as isolated observations, but move to the direction of presenting the results in such way that they have a more general status. (Lukka & Kasanen, 1995)

Within contextual generalization rhetoric, the individual case study results are related to other studies and the linkages between them are discussed (Lukka & Mouritsen, 2002). This means that in a sense, the different studies are made talk to each other (Lukka & Mouritsen, 2002). The major difficulty of contextual generalizability lies in that the aspects drawn from the studies are produced within specific cultures and social systems (Lukka & Mouritsen, 2002). This is problematic as the findings that are compared to each other come from very different social systems, thus meaning that comparisons between different case studies should be made with extremely care (Lukka & Mouritsen, 2002). Lukka & Mouritsen (2002) highlight that the studies that aim for contextual generalization may help us to understand better how the different phenomena are connected and fabricated within empirical settings. This means that, even though, the contextual generalizations are from settings that have their unique social, organizational, and behavioral aspects, they still may be meaningful for research (Lukka & Mouritsen, 2002). However, Vaivio (2008) warns of formulating “general” theories that seem to hold empirically across different context. This is as these general theories may approach the level of generality that actually cancels their usefulness, resulting in that our knowledge of the studied phenomena is not increased in anyway significantly (Vaivio, 2008).

3.4 PRACTICE METHODOLOGY

Lukka & Vinnari (2014) discuss of categorization between domain theory and method theory. According to Lukka & Vinnari (2014, pp. 1309), domain theory can be referred as “particular set of knowledge on a substantive topic area situated in the field or domain such as management accounting”. While method theory is referred as “meta-level conceptual system for studying the substantive issues of the domain theory at hand” (Lukka & Vinnari (2014, pp. 1309). Authors note how the method theories can be seen as “theoretical lenses” that originate from another field. Method theory can then be regarded to give the vocabulary and theoretical ideas that are applied to another disciplinary domain, with the idea that method theory may give new perspectives and capability for new insights related to the domain theory. (Lukka & Vinnari, 2014)

According to Humphrey & Scapens (1996), in the field of accounting the usage of various different theoretical lenses has been especially visible in the theoretical explanations of accounting practices through social theories. Authors advocate this kind of approach and see that researchers should adopt a flexible understanding of theory that emphasizes the interrelatedness between observation and theory. This means that theory would be understood in a broader sense than solely as writings of a single social theorist. Authors view that social theories could be used without strictly applying the philosophy and methodology of the social theorist. Rather, the selected theory would be used as a metaphor or as a rhetorical device in order to look at the nature of accounting from a different perspective. In accounting case studies this kind of approach is argued to have the potential to relax researcher from existing theories and metaphors, and then encourage understanding the accounting practices through a different lens. According to the authors, this is especially if the focal point kept on the case, rather than on the correct use of methodology advocated by social theorists. (Humphrey & Scapens, 1996)

According to Feldman & Orlikowski (2011), practice theory can be regarded to give basis for theoretical generalizations. This is as it describes the structural elements that may explain and direct action, possibly then also offering insights that may be applicable to other similar situations (Feldman & Orlikowski, 2011). This is even though the research findings are bounded to situations which are historically and contextually related to the specific setting (Feldman & Orlikowski, 2011). In an overall sense, the practice theory's ability to express relationships between different elements might then offer insights to other situations, for example in terms of identified relations (Feldman & Orlikowski, 2011). However, it should be noted that originally practice theory and its conceptualizations are not intended to be used to generalize empirical findings beyond the specific setting in which they are at that specific time used (De Loo & Lowe, 2017).

Then on the methods on researching practices, Schatzki (2012) notes how researcher needs to practice interaction-observation in the field. Author explains that this involves hanging out, talking, watching, and interviewing. Especially, researcher is thought to be able to learn about the practices through concentrating on the language of how the activities and practices are described and spoken of by the organizational actors. However, author notes that the language may be wrong and non-reliable, when organizational actors refer to practices on a higher level of the practice hierarchy. Author notes that this may be for example prevalent

in answers that actors present when they are asked about the underlying reasons why they act in the ways they do. In an overall sense, in order to study practices, the researcher should aim to understand the activities and practices people carry on, but also the material arrangements that relate to these practices. Then again, author notes that the researcher should pay attention to “oral history”. Oral history is regarded to be the reflexive accounts that may reveal the historical dimensions of practices. Author regards that oral history might bring into light the ways in which practices have evolved from the past to their current state, then giving information on the activities of practices but also on how the organization of these practices have spread out in space and time. (Schatzki, 2012)

4 EMPIRICAL EVIDENCE

4.1 CASE COMPANY INTRODUCTION

The case company is a Finnish company operating in the automotive industry, which can be considered to be a mature industry. The case company is a subsidiary of large a multinational parent company. The case company is a sales and service organization that focuses on importation, selling, and marketing of parent company's products in Finland while it also provides different services related to these products. The case company can be regarded to be a large company as it has over 500 employees.

The prominent aspect of the case company is that it can be considered to have two distinct businesses, referred here as “the sales business” and “the service business”. The sales business is focused on selling the products while the service business focuses on selling services that are related to these products. These two businesses are considered as separate profit-centers, even though they are closely interrelated. The organization can be considered to be divided into four distinct regions and the headquarters. The regions are: north, south, east, and west while these regions are then ultimately governed by the headquarters. The regions consist of multiple separate units that operate within these regions, in the future we refer to these units as “offices”. These offices operating in the field do aspects that are related to both, the service business and the sales business. The units are then governed by the regional managers and each region has its own regional manager. Then again, the service business manager and the sales business manager can be regarded to govern the two separate businesses as a whole. Additionally, within the organization operate also distinct profit-centers which products and services slightly differ from the “basic” products of the firm. These profit-centers operate mainly from the headquarters, and therefore in the future we refer to them as “functional profit-centers”. These functional profit-centers have their own responsible managers. In an overall sense, the organization structure of the organization can be considered to be quite decentralized as each region and functional profit-center have their own accountabilities and targets that they are expected to reach, while the means on how to reach these targets can be seen to be in the control of the units themselves.

In the past the organizational structure of the case company could be seen to partly incline towards a divisional organizational structure. This is because the regional managers had their own local administrative personnel that were responsible of the administrative tasks within the regions. However, during the interviewing process the case company introduced a reorganization process relating to the organizational administrative tasks, which then also impacted on the way the organization was structured. In short, the project was introduced in order to strengthen the functional structure of the organization while at the same time aim was to reinforce the use of shared common practices throughout the organization. In practice this was done by reinforcing the functional structure of the organization by reorganizing the locally performed administrative tasks (accounting, HR, and some tasks related to sales) under newly established nationwide functions (sales, two distinct accounting functions, and HR). The personnel that had performed local administrative tasks were then relocated to the new nationwide functions that now instead served all regions and customers. In the organization, this was believed to better achieve the establishing of common practices throughout the organization, compared to organization structure where every regional profit center had their own administrative personnel that mainly performed tasks that served their own specific region and its customers. In relation to the reorganization process, it should be noted that before it was implemented each region had a financial manager that helped with the financial aspects related to day-to-day functioning of their specific region. The financial managers worked together with regional administrative personnel that handled region's accounting, HR, and some sales related tasks within each region. After the reorganization process these regional financial manager positions were discontinued, with the idea that the centralized functions give the regional managers the same services that in the past were done locally but now instead in a more centralized form.

It should be noted that the interviewed persons include both, those persons that could be characterized as the implementers of the new organizational structure, but also the personnel that were expected to adapt to the new structure. The interviews were conducted in different points of time regarding the reorganization process, although it can be regarded that all of the interviewees had some knowledge of the reorganization process when they were interviewed. We argue that it is of importance to acknowledge this reorganization project, as it may have significantly impacted on the interviewees' views and especially in relation to the views on the cultural aspects within the organization.

Then on the relationship of the parent and the case company, we see that the parent company has a strong impact on the operation of the case company. We argue here that the organization's parent company philosophy is clearly visible in the way the case organization is structured. This philosophy could be referred as that it is the people in the regions who know best how to reach their targets. Therefore, in relation to Roberts (1990) paper the parent company can be regarded to exert "strategic control" approach, which is a combination of what the Roberts (1990) refers as "strategic planning" and "financial control" approaches. Basically, the parent company gives the case company broad strategic objectives, but at the same time also clear financial objectives (Roberts, 1990). The parent company then can be considered to give objectives to be reached but it does not intertwine how these objectives are to be reached by the case company.

The basic values of the organization are: continuous improvement, the respect for the individual, and customer-oriented approach. The organization then states that it uses deviation analyses as one of the tools to govern, which refers to comparing the expected to the results and if they differ analysis follows on what could be the reasons behind these deviations. This is one of the reasons why we have selected cybernetic controls as one of the focus points in this study as the core idea of cybernetics is to especially compare the expected with the actual.

4.2 CYBERNETIC CONTROLS

The prominent cybernetic controls operating in the case company were budgets, financial measurements and hybrids. Compared to these the non-financial measurements did not seem to have the same signification in the day-to-day operating of the firm.

4.2.1 BUDGETS

The sales business and the service business, both can be regarded to have their own budgets. The service business budget process starts from the office level where each office's revenue and profit are estimated. Offices' service budgets are then summed up and through this process the regional service budgets are formed. At the same time the sales budget is being made. Sales budget can be considered to be formed in the similar manner than the service

budget with the emphasis being on the budgeted sales amount. The overall sales amount can be considered to be consisted of regional sales, which then in turn consist of office specific sales. It should be noted that the functional profit-centers have their own sales and expenditure budgets. Finally, all of the budgets are gathered by the headquarters and then thought through from their perspective, ultimately resulting in the master budget.

The empirical discussion on budgets is divided here to two parts, the interview data that concerns the expenditure side of the budgets and to interview data that relates to sales or target setting side of the budgets. These are also referred as expenditure budgets and sales budgets. This is done because it was recognized that during the interviewing process interviewees mainly referred to the budgets, either from the expenditure side or from the sales side. On top of this, it became evident to the researcher that within the functions operating in the headquarters the expenditure side of the budget was estimated separately from the sales side of the budget. Although, it should be noted that the case company ultimately has a single budget, even though we refer here to the expenditure side and to the sales side of the budget.

In relation to the empirical data, almost all of the interviewees were closely related to the budgetary processes. Four of the interviewed managers had budget responsibility and accountability. While the interviewed financial personnel were related to the creation of the budgets, in one way or another. Finally, the one remaining interviewee had not been involved with the budgetary processes but had observed the budgetary process as an outsider.

EXPENDITURE SIDE OF THE BUDGET

The expenditure side of the budget is basically about budgeting the estimated expenditures for the next year. The way of conducting this budget can be regarded to vary between the regions and the headquarters. In headquarters managers of the functions are expected to do their own expenditure budget based on a template created by accounting department. While, regarding the expenditure budgets in regions and offices we were unfortunately unable to gather precise information on how these budgets were created. The information in this chapter on regional and office level expense budget process is based on the interviewed financial personnel working in the headquarters of the company.

It was regarded that the regions and offices have made their own expenditure budget and then the regional financial managers have kept track of the expenses. However, after the reorganization process and as a result of disappearance of financial managers, it was noted that the headquarters most likely starts to monitor these expenses. In this regard, the headquarters had already examined to some extent the regional and office specific expenses but it was seen as difficult to do because within different regions and offices the expenditure budget was done in varying levels of detail. The different regions and offices were seen to have their specific needs and preferences on what level of detail they wanted to do their expenditure budgets, and the headquarters had then allowed them to do the expenditure budgets on the level they wished.

“Some have done the budget on a very detailed level, almost on an individual account level, while others have done it on an account group level or even on a broader level. So, in a sense, it can be that we can only examine the expenses by looking at them on the broadest level.” (Interviewee F)

It should be noted that the reorganization process changes the way these expenses are examined, shifting the monitoring role from the local regional financial managers to headquarters.

“This will be a kind of a practice year, but I would see that here our role will be that – probably we need to divide it in some way, that we examine the expenses on an individual office level or even on a departmental level, even though we don’t know precisely how the budgets are created. However, by looking at the actual expenses and comparing them to the budgets, we are able to see where the biggest deviations are and maybe we will try by ourselves find out why these deviations exist, and after that we will send inquiries to them.” (Interviewee F)

Then some concerns emerged on the culture of monitoring the expenditure side of the budget. This was because in some situations people were not seen to be so much self-directed in keeping close track of their expenses.

“The local regional financial managers have done it. In this new organization it is going to be interesting how we start doing the monitoring. All of the needed reports are in fact already available, but the thing is on the contrary that how to get people read these reports themselves? What would be the trigger that would make these people check these reports? Then again, if you are not interested enough, and nobody ever questions your expenses, then why would you go and look at these reports? Then if in the long run, you never go and check these numbers then you neither have any kind of idea if you are over or under, and you just keep going as no one questions.” (Interviewee F)

The upside of doing expense budget was seen that it forces the managers at least once in a year to familiarize themselves with their last 12-month actual expenses and to think about what kind of things they are going to do in the future.

"I would see that, at its best, the budget forces you, even once in a year to sit down and think about what your cost structure looks like. For example, related to the fixed costs, what kind of doings there are behind the fixed costs and what kind of doings will be coming in the next year and are the costs perhaps in the future similar than they are now. In a sense, you then stop even once in a year to analyze your expenses, if you haven't otherwise looked what your actual costs look like." (Interviewee F)

In an overall sense, it can be said that the interviewees had a somewhat negative view on expenditure budget's controlling capacity. In one of the headquarters support function, for example, the expenditure budget process was referred as peculiar, technical and quite meaningless process with no controlling impact. The expenditure budget was criticized not to be forward-looking, but rather that it was mostly created based on the numbers from previous years. While the manner in which the budget was created was seen to be more or less copy and paste based.

"I would see that we should regard budget more from point of view of the future. Then we would be better able to consider budget, in the lines of how much should be set aside, for example, for different developmental projects. The budget could also involve discussions, as the last year's budget went mostly in a such a manner that it was based on the last year's numbers and the numbers year before that, with the idea that we go with these numbers as we have had these in the past." (Interviewee A)

Then again, one of the interviewees that had observed the budgetary process from a distance regarded that all of the functions might not do their budget on a very detailed level.

"Again, I don't know, I was just interested in general. For example, I have followed the marketing and the sales side from the sidelines and I feel that there the budget hasn't been done very precisely either. It seems that roughly ten thousand there, while this costs ten thousand. Then in a way, it seems that the ten thousand is the smallest amount." (Interviewee E)

The interviewee then hypothesized that one of the reasons why the expenditure side of the budget do not have a strong controlling capacity could be result of the overall complexity of the charts of accounts and the budget template.

“I also know that the budget template and the chart of accounts are quite complex. So, I wonder if people understand where each expense goes and what the places are where different things can be found.” (Interviewee E)

Then related to the strictness of the expense budget it was noted how there is no need for preparing business cases for new ideas. Ideas were seen to be somewhat realizable without calculations as long as these ideas themselves were sensible.

“The thing that I noticed was, that in a way if you have some development idea or project you want to start it won’t necessarily require a business case to be thought for it in order you to be able to start realizing it. You can start creating and materializing it without anyone really questioning the project from the point of view of the expenses, or if the project really has added value [...] But I think that it is great that we have opportunities to develop, do things, and take things forward.” (Interviewee A)

It was also viewed that the budget is not very strict in the sense that budget could be exceeded in some cases, as long as the big picture in overall remains under control.

“In a sense, what describes the – of course as I haven’t had a budget responsibility, but the picture I have gotten of the budget is that it is fairly loose, in the regard that if it goes over then it’s like “whoops” [...] I don’t know how much it is analyzed if something, for example in the marketing has gone over the budget, and why it has gone over the budget, and how it is then made sure that in the future the budget won’t go over.” (Interviewee E)

Additionally, it seems that the budgets in some functions don’t necessarily make people think about where the money goes.

“Well, I don’t know what kind of tools we have for it (tracking the cost budget) as I am not the one who works with it, but I think that it is important that we would get behind the line, in order to know which row and why especially this row has gone over the budget. I feel that very few people are interested in this, this is the picture I have gotten because, again, everything is going so well and there has been a too long time from the “gravel”.” (Interviewee E)

SALES SIDE OF THE BUDGET

The sales budget within the firm acts as a target setting tool. It tracks if the company and its profit-centers are keeping track with the budgeted target levels. The budgetary process is referred as traditional and it can be to some extent referred as negotiated budget between the lower levels and top management. The creation of the budget starts from the offices and lower levels and then the headquarters informs what the target level should be. The informed

target level is quite strict, and therefore it could be said that what is actually negotiated is how the overall targeted level is reached among different regions and profit-centers. Then when the target level is set, the company starts to monitor reaching these targets on a monthly and quarterly basis. Here the quarterly monitoring is done with forecasts. These forecasts can be regarded as updates to the budget, and then functioning as a management tool to monitor if the budget is on an adequate level throughout the year. It should be noted that the functional profit-centers budget creation process is separate from the above described budget process that relates to the service and sales business side. The budget creation within the functional profit-centers is the responsibility of the functional managers. One of the interviewees from the functional profit-center then noted how the budget is created through close interaction with the top management.

During the interview process it became evident that there are some differences in available measures between service business side and sales business side. It seems that especially on the sales side there could be better systems to track the different units' progress on reaching the target budget.

"I think that the service side is a lot better controlled than the sales side. The numbers there are monitored on a much-detailed level, and in fact, they are the ones who have the metrics and tools. One of the problems we have on the sales side is that we lack these metrics and tools that could be used to track the budget." (Interviewee E)

Then again, it seems that there has not been really a pressure for implementing better systems to the sales business side.

"Then where do you see it? Well you don't see it from anywhere, there is no such a tool which you could use to see if we are going to reach the budget this year (referring to the sales side)...It's like FIUUU, nowhere, nowhere, but as again, as it is going so well there is no need for that the equity would be monitored in a more detailed level, in a sense this is sufficient." (Interviewee E)

One of the major topics relating to the sales budget were the "negotiating" the target level that is set to budget. One of the interviewees criticized why the budget is done at the lower level at all if the real budget levels come from above. The interviewee regarded that it is somewhat backwards that all of the local offices do their own budget that involves a lot of work if the real budget is then set in the higher levels. Then again, another interviewee saw that when the process starts from the lower levels, the employees in a greater extent accept

the budgeted targets. The negotiated budget type was then regarded to motivate and commit employees in reaching targets as they have “agreed on” reaching these targets. Therefore, the budget was seen to make employees involved and make them to better understand what is expected from them, as it was regarded to make people experience accountability for reaching the set targets. The budget was then seen to be created mainly for the local offices.

“I haven’t spoken directly with these people operating in offices, but it has been said that the people feel that it is very different for them to follow the actual compared to the budget when they have been included into the creation of the local budget and thinking its objectives within certain predefined lines.” (Interviewee F)

Then again, the sales budget was also criticized by the interviewees. One of the interviewees regarded it as; slow, already dated when used, not necessary, creating a lot of grief, having an excessively long time-perspective, and something that is not very useful. Although, apart from these negative sides the interviewee also noted that there are other reasons why it exists.

“In a way, I don’t need the budget for anything. In my work the budget is a completely useless tool, and this is something that may shock financial people [...] I think that we don’t need the budget in the extent that it currently is, of course, we are careful on what we are doing and so on, but in my opinion, we could live without the budget very well. However, there are other things that govern why we are doing the budget. I think that we should ask ourselves why we do one and a half years before a very detailed estimate, which we then do not even once view or contemplate on not before a one and a half years later, or in fact, one year later. I think that this is the relevant question.” (Interviewee C)

Another interviewee regarded budget as a mere estimate and criticized the idea of making a budget which is then possibly later on updated during the year. Budget was further seen to be quite heavy, as it was done in such detailed level. Related to this, one of the major downsides of the budget was seen to be that it was not flexible. Especially, financial personnel regarded that it is a quite heavy process if in the budget creating process something needs to be later on altered or corrected. Then as upside of the budget were seen the ability to monitor if objectives are reached, while it also was seen to motivate and commit people to reach the set targets.

Few interviewees noted how the time spent doing the budget could be better used either to monthly forecasts, or directly to making more sales. Related to this, it was regarded that expense side needs to be budgeted but that it is extremely difficult to estimate the sales side of the budget.

"I see that it is more important that we would have a continuous rolling forecasts, and of course depending on the task, the time perspective of these forecasts could then be different." (Interviewee C)

"In my opinion we should press full forward and think about the ways through which we could achieve the maximal amount. However, from the financial point of view this is surely something that doesn't work. Here the people do the budget and that is that. A lot of time is sacrificed in doing it, which in my opinion should be rather used to sales, but there are differences in viewpoints." (Interviewee D)

Finally, one of the interviewees recognized the importance of keeping track of the budgeted numbers in order for a manager to be better able to guide the day-to-day activities.

"I would say that the main budget numbers are always in mind, and I believe that the manager of a unit should keep them in mind. This is because they can be used, or there is a possibility to steer certain sales using them. Therefore, I think that yes, the budget numbers need to direct the daily activities." (Interviewee D)

4.2.2 FINANCIAL MEASUREMENTS AND HYBRIDS

The most used financial measurement within the company was regarded to be profit. Profits were benchmarked between different offices, regions, and profit centers. It also became clear that within the service business there were a lot more metrics in use, compared to the sales business side. While the set of measurements used in offices within the service business could be considered to be a hybrid. This template of measurements could be seen as sophisticated set of measurements that were used to monitor, control and direct employee behavior. The measurements within the sales business side, then again were seen to be inadequate to some extent. The monitoring of sales amounts within the regions were seen to only exist in the files of regional managers with a little transparency. Then the monitoring within sales business could be regarded to be mostly local with no sophisticated tool or system existing that could be used to quickly see what the sales situation is in each region and office.

"For example, the tool that is used within the sales side, in my opinion, it doesn't have the set sales target levels that are budgeted for the current year, while there is neither any kind of breakdown of these targets. This means that if I were a sales person I couldn't use this tool to check: a) how much I need to sell this month, b) how the budgeted sales of the year are divided to each month, and c) if I am currently behind, or ahead of the budget. These kinds of aspects do not exist in any system. The target levels are agreed on regional, office, and on sales person level, but the tools to monitor these are simple files. These files then are not in any way

transparent as one of files is on the computer of manager X, while another is on the computer of manager Y. We are then not able to monitor these in any fancy way on a centralized level.” (Interviewee E)

“The sales are monitored on a company level, while then it is quite local how the regional managers monitor the sales. Of course, they have the monitoring of their own, but the tools that they are using to monitor the sales personnel are quite manual.” (Interviewee E)

On the contrary, within the service business side the measurements were referred in terms of airplane cockpit instruments. The warning signs would flash on broad measurements, while then one could dig deeper on these metrics to find increasingly precise metrics in order to find out the root causes for deviations in the metrics.

“Once I heard a quite good metaphor for business as an airplane flight instrument panel which is full of metrics. The pilot doesn’t look at all of the metrics all the time, but rather focuses attention to metrics that start flashing red. In the same way we should see the metrics, for example in the service business if some metrics are not on a satisfactory level, then you have more metrics that makes you able to concentrate on the problem on an even deeper level. Then through this way you try to find the root of the problem, which is usually something related to some kind of action.” (Interviewee C)

Related to this, the functional profit-center manager explained that he has himself created the measurements that he needed such as shared files that are open for employees to check their current progress.

While, when the interviewees were asked about the measures that are used in other functions, it started to seem that generally people don’t know a lot about the measurements used in other functions and regions. The following comment relate to sales side of the business and measuring of sales.

“I don’t know, within the sales side, certainly the regional managers have their own monitoring tools that are very precise, and I think that these are also transparent and open, but I cannot say what the others do, so.” (Interviewee D)

Then the functional managers were expected to present their numbers and charts to the top management in top management meetings. Here one of the interviewees belonging to the financial personnel assessed that the presented charts could incorporate more financial aspects. This was because the interviewee presumed that the managers in these meetings rather focus on numbers and measures that they are more familiar with, and therefore on numbers that are more non-financial in nature. Based on interviews it then seems that the

functional managers present their figures to the top management, with no financial personnel checking if the numbers could be supplemented with increased financial perspective or additional financial based measures.

“In management meetings the function managers present their numbers that are probably good numbers as these managers have a lot of experience on what are the important numbers to monitor. However, some of the financial measures might be left out because usually these managers monitor and understand better the non-financial measures that affect more rigorously on the day-to-day activities. I think that maybe there could be more of financial point of view incorporated into multiple aspects. Sure, the development of margins is monitored but under the margins are also expenses, and the monitoring of these expenses could be more rigorous.” (Interviewee B)

Based on interviews it also seems that within the organization there might not be operating an organizational culture that would especially advocate cost consciousness. This is as in some situations it seemed that people might not be concerned about the expenses that will not directly affect to the margins.

“There are also other expenses than the expenses that affect the margins, which then might not necessarily be seen as so interesting. Some things then might be done with only a little consideration, and especially if it is regarded that these things won’t affect to the margins. I don’t think that they think too much when they purchase something, in a sense, the thinking then may be that “hey, as this doesn’t affect the margin we can do this”, and on such a level.” (Interviewee B)

4.2.3 NON-FINANCIAL MEASUREMENTS

The mentioned non-financial measurements were customer satisfaction, employee satisfaction, continuous improvement, and lead time measurements. Customer and employee satisfaction measurements seemed to be the most prominent measurements that interviewees referred to. These measurements were seen as companywide measurements. Then again, the employee satisfaction measurements could be seen as responsibility of HR department, while the customer satisfaction measurements results were said to be most likely reviewed within each individual office. In overall, it seemed that non-financial measurements did not direct employee behavior in the organization. In relation to this, one of the interviewees indirectly mentioned that often fancy questionnaires and surveys are made while they are then not used in any way. Interviewee then indirectly wondered what the end-result of doing these surveys is. The interviewee then further pointed out that if these measurements are reviewed from the budgets point of view, they only appear as costs. Although, multiple

interviewees including the already mentioned interviewee, regarded that non-financial measures are important and that they could be appreciated more inside the company.

"The employee satisfaction surveys give us some grade which then should give information to us managers what to do, or at least give us some indication if the personnel are happy. If we simply think in the lines of is the personnel happy or not, and we come up to the conclusion that they are not very happy, then probably we should do something that they become happier, isn't that right? But if we think about this from the budget's point of view, then we shouldn't under any circumstances do things that would make the personnel happier. The euros that are used, certainly won't bring profit during the same year and so on, and so on [...] I think that customer satisfaction is one of the important measures, or even one of most critical measures. You know that when the customer satisfaction begins to decrease, it decreases and decreases, and one day you come up to an interesting realization that you don't have any customers left. This is just how it works, but I think that the customer satisfaction measures are still quite undervalued measures in many organizations. I would say that they could be valued even more, and I think that we could value them more. I believe that in many organizations they should be valued a much more." (Interviewee C)

Employee satisfaction survey was the most mentioned non-financial measurement by the interviewees and this is not a surprise as this survey has been only fairly recently implemented within the company. However, it was unclear that on what level these survey results are then analyzed and how the grievances arising from these surveys are responded to. It seemed that the results are discussed among the top management, and then the possible development projects are started on the managerial level. It can be assessed that in a sense, the employees were in the dark on what the management is going to do to the problems that the surveys had indicated. However, it seems that on the management level the employee satisfaction survey did lead to discussions and projects that aim to improve employee satisfaction.

"From the customer satisfaction surveys of course emerge things that are more companywide. We then discuss of these things in management meetings and think about what we are going to do to these things [...] For example this spring we have agreed to organize an event called leadership days. Here the plan is to discuss among the managers on subjects, such as what the role of leadership is and what are the responsibilities linked to it. Then we discuss also of the common operating model of doing things. I see that these things wouldn't be discussed in the management meetings if we haven't started doing this customer satisfaction survey." (Interviewee A)

4.3 ORGANIZATIONAL CULTURE

The case company could be characterized to have a culture that is engineering driven. The products that the case company sells were highly valued within the organization, even to the

extent that people were seen to rather talk about the technical aspects related to the product, than profitability and customer-oriented aspects. Case company culture can then be seen as product-oriented in which technical expertise is highly valued. One of the interviewees explained how the focus has been on the product while the customer orientation has only recently emerged within the company. Additionally, this interviewee noted that the company is now moving from an engineering house to a more business-oriented company.

"The company may be characterized to lean to the engineering side. In a sense, we have always aimed for creating the world's best products, while occasionally forgetting to whom we are doing these products. I think that this has been quite prominent within the organization in the past, and only recently the customer-oriented view has gotten into the picture. We then have started doing the products more for the customer and started paying more attention to this. Although, if we look the backgrounds of people working here, in the parent company, or anywhere else, it is quite evident that the company is still quite engineering based house. This can be seen in multiple aspects, as for example people rather talk about technical aspects, than profitability and that sort of things." (Interviewee G)

"Strong brand and products, added with technological expertise, these are quite characteristic features. However, I would start with the product-oriented culture that is in a sense, technical and number-based." (Interviewee A)

Then it was mentioned that in the past the company thinking had been strongly influenced by regarding different organizational aspects from the single unit or "silos" point of view.

"The company's old way of thinking was to a greater extent this "silo-like" thinking, which dictated that each unit and function should cover their own expenses. This has been then demonstrated to be quite bad in some situations. This is as if one of the units think in the lines of "I will only think about myself and not the big picture", then it usually results in a situation where we don't get the deal which then is bad for everyone. However, it is changing and in the direction that we more and more look these so that everybody is sitting at the same table." (Interviewee G)

While the organizational culture was seen to be respectful for the traditions in the sense that things were often done in the way they had been done in the past. Culture was referred to be quite rigid rather than flexible and prone to adaptation. Then again, the good financial situation of the company was seen to be one of the reasons why there was no pressing need for changing the culture.

"The organizational culture could be characterized to be quite traditional and respectful for the traditions, in the sense that many things are done the same way that they have been always done. The organizational culture is quite rigid, and then it is not very flexible, nor able to quickly adapt to different situations. The view that I have is that there has not been any reason for changing the culture as always has gone so well. The brand and products are strong, and

then we just sell and push forward. As the things are going well, there is not really a reason for tweaking.” (Interviewee B)

The information within the company was seen to be local and the sharing of information between the different units were not seen as something that would characterize the case company’s organization culture. While it was regarded that the “best practices” might not become in wider use as people might not be willing to share information and the tools that they have generated. However, the more likely reason for this was presented to be that often people are willing to stick doing things through ways in which they have been doing them in the past.

”Additionally, as things are done differently in different places then also, in a sense, there won’t be transferring of the best practices. As an example, in the sales function a person has developed a tool that makes doing a particular task easier. The performing of this particular task is common in the sense that multiple people within the sales function need to do this task on a daily basis. However, this solution or tool to the problem doesn’t transfer anywhere. This is as, first of all, it can be that the person doesn’t want to give the tool that he developed to others, or more likely the person could give it to others but the others then wouldn’t know how to use it. Then again, this is only a simple tool to do a one thing. I think that we should have tools that are better, as through these better tools we could spread the correct, common, and shared working practices throughout the company. From the customer point of view, this would then appear as quality. Then the customer would get the same sales experience from place X but also from place Y, which currently is not the case.” (Interviewee E)

Based on the above, it then seems that different organizational processes might not be as coherent as they could be. One of the reasons could be that the different units inside the firm seemed to function as quite self-determining units. In fact, multiple interviewees referred to the company as having “multiple companies within the company”.

”The profit-centers have been quite independent, at least in my eyes they have functioned as, like many other, as small companies within the company.” (Interviewee B)

The different units of the company can be seen to have a certain kind of independence. The units were trusted to a great extent, in the sense that they would operate in line with the official guidelines. However, it was also noted that in relation to minor aspects the different units might not have always acted completely in line with the guidelines of the headquarters.

”Some of the operating models and processes have not been that harmonious, even though rules say that this is the way things should be done. The regions are quite self-determining, resulting in that they then do some things of their own. While in the headquarters it is then

thought that they all do things in the same way, but ultimately there is no information on how they are doing things.” (Interviewee B)

Then again, the organizational structure and the way to measure different units were seen to lead to competition between different organizational units.

”Between different units there is a certain kind of compartmentalization. The units are, in sort of forced to compete with each other as the monitoring is again made in such a way that the different units are benchmarked against each other. This is, in a sense, a good idea as it pushes them forward to always try a little bit harder, but on the other hand there are also risks related to this.” (Interviewee B)

The units were measured according to their profits and the units were then benchmarked in relation to each other. Here one of the interviewees noted that what you measure is what you get. Interviewee noted here that the end result from the viewpoint of the organization might not be at the optimum if every unit focuses on securing their own profit. It was then regarded that the company and its units should rather concentrate on the big picture, and be careful not to drift too far to the “silos” way of thinking.

”Thing that often generate small tension within the organization, is that everybody is being focused on their own unit. I think that we should on a companywide level try to see the bigger picture [...] In this sense, if we examine this cooperation aspect, we have a little bit, if I would say, became “silo-like” in the sense that everyone is looking at their own sector. While we rather should view the bigger picture, but as I said, you get what you measure.” (Interviewee D)

Units were also seen to be very careful about the costs that are allocated to them.

”As the different functions are being monitored, these functions are then also very careful on what expenses are allocated to them, and even to the extent that the allocated expenses need to be precisely correct. They don’t want anything extra to be allocated to them. This is understandable and ok, but then things such as supporting others and communication with the other functions might suffer a bit in the process. It could be that things –for example related to improving aspects, may be left undone as people fight over few tens of euros, resulting in that in the future the cooperation between these units may be a little bit worse.” (Interviewee B)

Then again, the individual offices and regions were seen to be interested to keep their customers within their own region.

”The organization and the way we measure people, or how we measure here – that each office as a profit-center needs to make profit and maximize its profit, may create a certain kind of sub-optimization. The units may become jealous in the sense that they want that the customers

come to their office. Then how can you change this culture if, after all, the units are measured in a certain way, which then drives them to a certain kind of behavior and actions? Likewise, as the individual profit-centers are responsible for their profit, they also need to maximize their profit. Related to this, the manager of region X then wants to keep his customers in his region as he won't benefit if everything is going well in the region Y. The same applies of course to the sales personnel. Regarding the sales personnel, some of them even have a commission-based salary, which of course then steers to a certain kind of behavior. The sales personnel then may be jealous about their customers, which results in that the customers are not so much seen as the customers of the whole company." (Interviewee E)

Prominent in case company's culture was decentralization and high level of trust related to different units and their managers. Then unit managers were quite free to govern their units as they like while being at the same time accountable for reaching the set objectives. There was no official or at least visible control operating in the company, but rather, units were trusted to act in accordance to the official guidelines.

"There does not exist any kind of official or formal control, so people are trusted in great extents that they act in ways that they should." (Interviewee B)

People were then expected to act in accordance to the guidelines. While it seemed that in an overall sense, there was no sophisticated metrics or measurements that could be used to make sure that people actually do what is expected. One of the interviewees noted how prominent for the culture is that people might not always do what was agreed, referring also to that people might sometimes act in ways that are not in accordance to the official guidelines. The company was then seen to have room for improvement in the ways in which these kinds of behaviors were responded to.

"One of the aspects that is characteristic for our organization culture is that we have things that are agreed upon, but then in some situations people may do as they please, and this kind of behavior then may not be sanctioned in any way. I think that this is one of the biggest problems in our culture, that we in a way accept that people might not always act through the ways that are agreed upon, and through ways that are in accordance to the set procedures and policies. In my opinion this is a major downside in this organization. Additionally, in this culture we don't have metrics that are precise enough, resulting in that we are not able to intervene to these kinds of things very well. While, in a situation where you could intervene you'll quickly notice that the working practices have already been shaped and routinized to a certain kind, meaning that it is very hard to change these routinized practices later on. In my opinion this is a big problem and the culture should be changed so that what is agreed upon, actually happens, and if it does not, there then would be some sort of ramifications resulting of this." (Interviewee E)

Then one of interviewees of the financial side noted how the headquarters have not monitored closely the ways in which the regions are doing their work. Although, regarding

the future it was noted that there could be more of this kind of controlling. Interviewee here noted that the controlling should be more of the monitoring type, rather than the surveillance type of controlling. However, it was seen that the controlling and guiding the regions is somewhat difficult as the operations in the regions differ in many ways from the operations of the headquarters.

"No one has monitored how those things are done there, again in a way it feels bad that this involves also monitoring and supervision, but no one has ever examined how those things are done there. In a sense, the impression that has been given to us is that things are done in this way, but then these things might not be actually done in this way. When it is said that the differences are analyzed, do this mean that you just note that there is a difference without analyzing it further on a deeper level, and things such as this ... I think that nobody has done anything purposefully wrong, and I am not saying that anybody has done something wrong, but we have noticed that there are some differences [...] In a sense, some of the things also might have been difficult to control from the headquarters as our operation differs in many aspects from the operation of the individual offices." (Interviewee F)

Multiple interviewees then referred to the good financial situation of the company. Company was seen not to have the problems that come from the shortages of money.

"In a sense, of course that we are a financially stable company." (Interviewee A)

This was seen to give freedom to do different kind of projects and a good environment to operate in without excess pressure.

"One of the things is that as we have always had our "result being okay", it also gives enormous amount of possibilities to different kinds of things, which I would call as experimentations, projects, and that sort of things." (Interviewee D)

However, negative aspects were also mentioned such as that there is no urge for changing things and evolving as "always has gone so well".

"I think that one of the main responsible is the good success, at least I would believe that it is. It is easy just to go ahead as everything is going so well [...]. This aspect goes quite deep in the organization and I would imagine that it is the root reason for many things, and which also results in that many things are always done in the same way." (Interviewee B)

Finally, one of the prominent aspects about the company could be seen the parent company's controlling role. The parent company was seen to have a big role in the functioning of the case company as the systems and guidelines originated from there. Then again, as an important factor could also be regarded the parent company's procedure of emphasizing at

certain time intervals a specific focus area on which the case company should concentrate on. These focus areas then might have impacted on organizational actors' behavior, by influencing on what was seen as important within the case company. The negative side mentioned related to the parent company's role was that people were regarded to be to some extent stuck with the parent company systems, were they good or bad. Therefore, in relation to some matters the parent company was seen to put restrictions on available actions within the organization. Although, people were seen also to refer to these parent company restrictions as a reason for not improving procedures. Mainly because the systems and procedures were regarded to be more or less originated from the parent company, and it is then regarded that these are the ones that need to be used.

"I think that the parent company has a quite big role, as it controls to a great extent this operation here. The processes and methods come pretty much from there, plus all the systems and the pros and cons of them. Then if we notice that we don't have a system to do a specific thing and we recognize that we should get a system to do X, then it is likely that we cannot do this kind of decisions as we need to have group-level systems and so on. This is then of course, a little bit challenging at times, as they have bigger wheels there that do not rotate that quickly. Consequently, quite often you then hear how some things are "their" things and people just raise their hands in the air and don't do anything to get the thing done, as it is a little bit like this..." (Interviewee B)

Then the official policies and guidelines were referred as quite hard to be read. One of the influencing factors here were that the policies and guidelines were in English and they needed to be translated to Finnish. These policies and guidelines were also regarded to be updated quite frequently by the parent company. These aspects then might have had an influence on the working practices of the case company.

"The problem is basically the number of policies that there are. There are so many of them and then they are also updated almost annually, and in addition the translating of them to Finnish is also quite a challenge. In this sense, I see that it should almost be an obligation that the managerial level persons we hire, have a good enough English skills so that they can read these policies in English." (Interviewee G)

4.3.1 VALUES

Based on the interviews, the case company cannot be characterized as value driven organization. When inquired about the values the interviewees mainly referred to two of the official values of the organization, customer orientation and respect for the individual. The customer orientation was referred the most but it was regarded that the farther away people

were from the customer, the less people thought about the customer's perspective in their day-to-day activities.

"We are very customer oriented, while I know that the further you go from the customer interface [...] the harder it is to be customer oriented as the customer is not near to you anymore. All in all, I see that if we go to the customer interface, the people there are very customer oriented." (Interviewee C)

However, in relation to values it should be noted that the interviewed persons were not from the lower levels. We acknowledge that on the lower levels the values may have had a more significant role.

"It feels that it is the same in the whole group, that the higher you go, the lesser the values are something that would be visible in day-to-day discussions." (Interviewee G)

Customer orientation was seen to be self-evident and important, while the other values did not seem to have a strong impact among the interviewees. While the customer orientation was also seen in a negative light as sometimes people were seen to do too much for the customer, referred as "bending-over-backwards" to please the customer. Then it was argued that the employees that have been in the company for a longer time won't learn new values as their old ways of doing things pretty much govern their actions. Finally, one of the interviewees noted how people in the organization do not always understand that the customer orientation extends also to the internal customer relationships. Interviewee referred here to other units and functions inside the organization and noted how there is still a lot work to do with making people understand that they are part of a larger whole.

"I think that we should remember that we have internal customers, and that they are also important. There is still a lot of work to be done related to this [...] However, in the future I think that people more and more understand that the work that they are doing is a part of the bigger whole." (Interviewee C)

4.3.2 SUBCULTURES

Multiple interviewees noted how there were multiple distinct and visible subcultures or groups operating inside the organization. These subcultures were seen to form based on geographical distance, such as between headquarter and regions, between different regions, and between different offices operating within regions. Subcultures existed also between different functions within the headquarters. It was noted that the people in the headquarters

live in a quite different world compared to the offices. While the regions were then seen as distinctly separate from the headquarters.

"I would believe that we live in a quite different worlds in the headquarters functions, compared to for example, individual offices. However, the shared company manifests itself through strong brand and products, which then act as the unifying factors within the company. Although, without a doubt each office has its office specific culture and then the spirit of the personnel there is definitely different than what it can be here, in the different functions of the headquarters." (Interviewee A)

"The headquarters and the people at the regions, and I see that also this service side, the sales side, then the function X which is different, while we also have the Y function, and Z function is also." (Discussion on different subcultures) (Interviewee E).

One of the interviewees even noted how regions may see headquarters as police or as supervisor. Then in some cases people in the headquarters might appear to the regions as somewhat difficult and tiresome. It should be noted that the interviewee here probably referred to the monitoring role of the accounting department.

"Especially, in relation to the headquarters, I believe that other people in a sense view us as police, or inspector, and as people that are a little bit difficult and tiresome. Therefore, it might not be easy to get the support from there." (Interviewee B)

Subcultures were seen to form as people mainly work with the same people in their day-to-day activities. The long working careers of people was also mentioned to have an impact. It was regarded that people have become highly routinized in their ways of performing their work, thus making it harder for them to see how even small changes within their own work could impact on the company as a whole.

"People go to the coffee breaks always the same time, and each day they have the same routines and so on, so yes, we have these kinds of different cliques [...] Of course it is good that you get along with your co-workers and it is good that you want to do things together, but then the flipside is that it this also creates these silos between different functions, which in my opinion don't help so much in creating cooperation between different units." (Interviewee E)

"We have long working careers and people have been working here for a long time. However, in my opinion this is not only a good thing as people have in a sort of "skied a very deep tracks for themselves", which then makes people view things from a narrow perspective. Therefore, it could be that the people don't very well understand how their own actions influence on the bigger picture, and that if these actions would be even slightly changed then the end result could be far better from the company's point of view." (Interviewee E)

In an overall sense, the company was seen to operate well together while the company was seen to have increased cross-functional cooperation between different units.

"I believe that in general the collaboration and the overall ambiance within the different functions is good." (Interviewee B)

"As a whole the organization functions surprisingly well over the functional borders." (Interviewee D)

"The cross-functional cooperation is increasing all the time and that is a good thing." (Interviewee E)

Although, some friction was said to result from the practice that profits are viewed on the office and profit-center level.

"They have their own budgets, so I would think that probably the structure behind there is created in such a way that it directs to a certain kind of behavior and actions [...] and to that that the people keep their own silos." (Interviewee E)

In overall, it seems that the way in which the different units are measured do not so much increase the cooperativeness between different units. The cooperation between different units was seen as something that could be improved in order for people to be able to more freely discuss and cooperate over organizational borders. While increased amount of working practices involving multiple groups were seen to be able to promote learning from others within the organization. Then again, an increased interaction between different groups was also seen to possibly help people to better understand the organizational big picture. In practical sense this was regarded to happen through understanding how the individual's own working practices impact on the work of the other units, and then ultimately to the end result from the company's point of view. In general, we see that the way different units and their individual profits were measured might have had an impact how subcultures emerged and functioned within the case organization. We view then that the measuring practices might have increased the compartmentalization between organizational different units.

"The procedure has been that way for a long time, and in a way, it is a little bit reinforced, or maintained by monitoring closely these different units and functions [...] I think that everyone should keep in mind a certain kind of understanding of the big picture [...] Maybe we should in a some way communicate and make people understand the bigger picture, and how the different actions influence on the company's profit and overall success. In a way, we then should make people understand how all the small pieces, actions, and the organization of these things impact on other things. I think that this might be a kind of general cure but how this

then would be done in practice that might be a little bit challenging. Additionally, the culture could be more open, in the sense that it would be easier to discuss things over different borders and then utilize the information of others and these kinds of things.” (Interviewee B)

Then it was noted how people sometimes feel that they do not know all the relevant aspects that are happening inside the organization. This implies that people do not seem to know very well what things are done, and how these things are done within other groups of the organization. Especially, within the accounting department it was seen that it could be beneficial to know more about what is planned, done, and talked about in the different groups as it would make it easier to analyze these different units.

”Various groups of people gather together and work together on some issues, but then no one else other than the people belonging to these groups know what have been discussed.” (Interviewee B)

Then again, it also seems that there might be viewpoint and understanding differences between the different subcultures.

”When we for example compare the financial personnel to the sales personnel, the former is quite careful and detailed with a good understanding related to numbers and that sort of things. While then the sales personnel, rather go with the flow.” (Interviewee E)

One of the interviewees related to this then noted how some people in the more engineering-based functions may not even try to understand the accounting related aspects of their working practices. In a sense, people then might not always understand how their working practices influence, for example on the work of the accounting department.

”Many people of course wash their hands of the business side, in the lines of “those things are your accounting stuff and we don’t understand anything about that”. Then of course if you think this way, you are not even ready or willing to understand.” (Interviewee F)

Finally, it could be argued that decision power given to functions and regions to organize their own unit, has an impact on emergence of different and distinct subcultures. However, the different regions and functions have their own unique context in which they operate, then making the forming of different subcultures quite natural. While, many of these units also have completely different ways to do business that could make their basic understandings different, possibly then facilitating the emergence different subcultures.

"Again, it should be remembered that our function's business is something that differs greatly from the other functions' business." (Interviewee D)

4.4 BONUS SCHEMES AND ORGANIZATIONAL STRUCTURE

The different bonus schemes and the organization structure could be regarded to have had an influence to the control environment of the organization. Therefore, we briefly discuss of these in relation to the organization culture and how cybernetic control emerged inside the organization.

The focus areas set by the parent company can be regarded to have influenced on case company actions as they functioned as important aspects that the case organization needed to concentrate on improving. It seems that these focus areas and objectives related to these, are linked in some ways to the top management bonuses. Further implying that the focus areas may be important behavior influencing aspects within the case organization. Then based on interview data it seemed that almost everyone within the company belonged to some kind of bonus scheme. These bonus schemes were regarded to motivate some people, while others viewed them only as something extra. It seems that especially within the sales business the sales personnel had various kinds of bonus schemes. Some of the interviewees then assessed that the sales personnel are motivated by these bonus schemes, and that the sales personnel most likely aim to maximize their bonuses. Then it was noted that some form of sub-optimization might result of these bonus schemes. In relation to regional managers, it was noted that they were to some extent rewarded on their region's overall success. Therefore, it is plausible that regional managers' behavior and actions were impacted by the bonus schemes. Especially, in the sense that they might have aimed to improve their region's performance as their bonuses were at least to some extent linked to their own regions performance measures.

Then we also view that the organizational structure influenced on the organizational culture and cybernetic controls. By organizational structure we refer to how the organization is divided to distinct offices, regions, and profit-centers that are quite separate from each other. We view that distinct subcultures exist within the organization that have been formed mainly based on geographical and functional borders. However, it seems that the way to measure these different units is one of the key factors that maintains these subcultural borders. This

is also the reason why we have in this study focused on the link between cybernetic controls and organization culture, while giving less emphasis on organization structure and administrative controls' impact on organizational culture. This is because we argue that the certain type of organizational culture in the organization is rather maintained through the way the different units are measured, rather than how units are originally organized to operate as different offices, regions, and profit-centers.

5 DISCUSSION

The purpose of this study is to examine organization culture's impact as an overarching meaning structure on cybernetic controls. In this chapter, we reflect the empirical findings of this study against prior literature presented in the literature review chapter. First, we will discuss of the applicability of Malmi & Brown (2008) MCSP conceptual framework in studying linkages between organizational culture and cybernetic controls. Then we discuss of empirical findings in relation to constitutive rules and anchor practices (Swidler 2001; Ahrens 2018). Finally, we discuss of the impact of organizational culture on cybernetic controls from the viewpoint of practice organizing elements as practical understandings, rules, and teleoaffective structures (Schatzki 2002; 2003; 2005; 2006; 2012; 2016b).

5.1 MCSP CONCEPTUAL FRAMEWORK AND CULTURAL CONTROLS IMPACT ON CYBERNETIC CONTROLS

The preliminary theoretical framework we aimed to use to analyze organization culture was the concept of cultural controls as values, symbols, and clans by Malmi & Brown (2008). However, during the research process it became evident that within our research setting the concept of cultural controls by Malmi & Brown (2008) was not able to adequately describe how the organization culture impacted on the cybernetic controls. First of all, the official values did not seem to have a significant impact within the organization, and then they cannot be said to have governed organizational actors' behavior. Then again, while symbol-based controls were identified to be something that could be observed and analyzed, it was unclear how to analyze them in relation to cybernetic controls.⁷ Then in relation to clans, it became evident that there exist multiple different subcultures within the case company. We agree with Schein (2010) that interactions between different subcultures may reveal much of organizational life. While we also agree with Ahrens & Mollona (2007) that by

⁷ We view that Malmi & Brown (2008) haven't specified how symbol-based controls could be analyzed in relation to other management controls.

understanding subcultures researchers may be better able to understand the elements of organizational control, and how the different controls function within an organizational setting. However, we argue that the subcultural differences between groups in themselves, would not have been able to completely explain how organizational culture impacted on cybernetic controls in our research setting. We argue that if we would have concentrated only on the subcultures and their differences we might have missed how the overarching organization culture impacted on cybernetic control within the case company. Therefore, in order to broaden our perspectives on the nature of organizational culture we adopted practice-based understanding of culture. In line with practice-based understanding we then assumed that there might be constitutive rules and anchor practices operating within the case company that could possibly provide explanations on organization culture's impact as a broader concept on cybernetic controls.

5.2 THE CONSTITUTIVE RULE, ANCHOR PRACTICE, AND SUBSIDIARY PRACTICE

Our case study findings imply that organizational culture could be described through the concepts of constitutive rules and anchor practices. While our case findings further indicated that in our research setting the specific anchor and subsidiary practice influenced on the way in which cybernetic controls unfolded within the organization. In this section, most of our discussion is related to Ahrens (2018) study and its findings. This is as it is yet the only study in the management accounting field that has used theorization relying on practice hierarchies while using notion of anchor practices.

Analysis of the empirical evidence suggests that within the case company multiple occurrences and ways to do things were influenced by what we refer as “silo-like thinking”. Related factor to the silo-like thinking could be regarded to be the good financial situation of the organization, which we argue to have emerged within the organizational practices through what we describe as the overall “thought of going well”. We argue that these taken-for-granted conceptions were visible within multiple management control practices that existed and came into existence within the organization. In a way these aspects can then be regarded to have functioned as passive influencing factors that affected in the background to multiple organizational processes, and then affected how different organizational practices unfolded. Although, additionally to the two influencing factors the organization

was identified to have a quite strong engineering-driven character, which in itself also influenced on organizational practices. As a summary, we identified the case company anchor practice to be silo-like thinking, while the thought of going well was identified to be the subsidiary practice.

The constitutive rule that defined the case company as an organization and its work environment could then be described as: *engineering-driven company in which working practices were strongly influenced by silo-like thinking, while the overall thought of going well maintained the status quo in place within the organization.* We argue that the above constitutive rule existed within the organization as first of all it characterized the overall nature of the organization, but also as this rule could be regarded to have an impact on how employee identities were developed within the case company (Ahrens, 2018). We argue that silo-like thinking created clear and enduring borders between different organizational units. While we also regard that silo-like thinking strengthened individuals' subcultural identities. Based on interview data, this was visible within the organization in that people often identified more with their own group's culture, and less with the overall corporate culture.

When we relate our findings to Ahrens's (2018) study, it is clear that the overall character of the identified anchor and subsidiary practices is quite different in our case compared to Ahrens (2018) case. Ahrens (2018, pp. 78) articulated the case company R constitutive rule as: "Managers at R continuously seek cost reductions while maintaining or enhancing the quality of services". While, anchor practice was identified to be cost management⁸ and subsidiary practices were recognized to be service division management, HR/IR, change management and workplace hygiene (Ahrens, 2018). In Ahrens (2018) case organization cost management was; pursued by organizational actors, it was deliberately put in place by the management, while it also motivated people. Then on the contrary we identify that our case company's anchor and subsidiary practice were rather cultural practices, and then not necessarily in the same way management control practices by definition if compared to

⁸ In Ahrens (2018) case the anchor practice of cost management was regarded to include related key objective of quality management, as within the case organization R it was regarded that cutting costs was not sensible in itself if at the same time the quality was not kept at an appropriate level. Therefore author regarded that cost management dominated quality management (Ahrens, 2018).

Ahrens (2018) case findings. Our case study findings indicate that anchor and subsidiary practices could also be something that are passive in character. While also being aspects that have emerged as socio-cultural phenomena without management's deliberate intention (see Ahrens, 2018, pp. 66). The anchor practice of the case company was visible, it had organizational effects, and finally, it can be regarded to have functioned as an aspect that was not willingly pursued or deliberately advocated by the management. In an overall sense, the anchor practice could be viewed as an overarching cultural aspect that affected on organizational and cybernetic control practices.

DISCUSSION ON ANCHOR AND SUBSIDIARY PRACTICES

In Ahrens (2018) case company cost management acted as an anchor practice as it shaped "the context in which other practices were conducted and in which their activities, chains of actions, outlooks, feeling, etc., unfolded." (Ahrens, 2018, pp. 82). In a similar way, in our case company we identified silo-like thinking to be an anchor practice, because it governed the other practices through having a strong influence on the context in which different organizational practices emerged. We regard that the silo-like thinking gave the different functional and unit managers flexibility and freedom to govern their "piece of the whole" the way they wanted. The managers had much freedom to do things in their own way, and this was not regarded as problematic as long as the job would get done. In an overall sense, the silo-like thinking then influenced in such a way in the organization that people did things differently in different local sites. We regard that this was observable in interviewees' comments on how some of the common processes that were thought to be done in predefined ways, actually appeared in various different forms within different functional and regional units. We then see that an influencing factor in the emergence of anchor practice of silo-like thinking might have been that the organization was structured on a decentralized decision-making power of different organizational units. In an overall sense, we regard that the decentralized structure added with the overall silo-like thinking resulted in that people more often acted in ways which aim was to improve aspects within their own unit, rather than aiming to improve aspects on the whole company level.

When we relate silo-like thinking to cybernetic controls it can be identified that the budget was done in various ways and in different levels of detail across the different parts of the organization. While in relation to financial measures and hybrids, the working practices and

available tools for conducting the work were identified to vary significantly between the different units. In particular there seemed to be a quite big difference in availability of tools between the service and the sales business. Finally, we recognized that the measuring practices within the organization were such that organizational units were mostly measured and rewarded by their own unit's or region's performance. As a summary, we then argue that silo-like behavior impacted strongly on how cybernetic controls emerged within the organization.

We regard that the silo-like thinking might also had an impact on that there existed distinct subcultural borders between different units. We see that this was visible in that cooperation between units was seen as something that could be improved. While people on multiple occasions did not seem to think how their actions influenced on the organization as a whole. We argue that this was partly due to that people did not know very well what was actually happening within other organizational groups. People were also identified to often prefer to stick with their own subcultural group. Then again, communication over the subcultural borders was not in any way particular emphasized within the organization. Taking these aspects into account, we then argue that silo-like thinking had an impact also to subcultural aspects within the organization. More precisely, we argue that silo-like thinking reinforced the subcultural borders between the different units.

As a summary, we see that the anchor practice in our case company operated as an overarching context that influenced on how other practices emerged in various places of the organization (see Ahrens, 2018). This is as silo-like thinking was ingrained aspect within the organization that impacted on multiple practices. We then see that the anchor practice in our case company could be best described as a passive practice that provided the context in which the other practices unfolded (see Ahrens, 2018). In an overall sense, the anchor practice was visible inside the organization in that things were done differently in different places. Then again, the anchor practice was visible in that there was no exact knowledge on how different things were done within different organizational units.

Ahrens (2018) case study found that the anchor and subsidiary practices were tightly interwoven. While in overall, author identified that subsidiary practices “did not merely “execute” the “scripts” of anchor practices” but rather anchor practices created the context in which these other practices operated in (Ahrens, 2018, pp. 82). When we relate this to our

case it can be identified that the thought of going well gave the silo-like thinking a legitimatization, but also a rationale that there was no pressure or need for changing the organizational practices. In similar manner than in Ahrens (2018) case, our case company subsidiary practice did not anchor other practices under it. The thought of going well rather reinforced the freedom linked to silo-like thinking and behavior. Our study then gives support to the notion that subsidiary practices might act in close relation to anchor practices (Ahrens, 2018). However, our case study also provides a novel finding that subsidiary practices may actually help keeping the anchor practices in place within organizations. In other words, subsidiary practices then may in some situations act as a reinforcing practices for anchor practices, then preventing the anchor practices from changing. As a summary, we argue that the thought of going well subsidiary practice had organizational effects as it reinforced silo-like thinking, while it also decreased pressure and gave flexibility within the organization, then decreasing the overall need for change.

We argue that the silo-like thinking embodied the common characteristic of anchor practices, the highly visible nature and the centeredness in antagonistic relationships (see Swidler, 2001). We find that antagonism was visible in that there were observable tensions between subcultural borders. While these tensions could be argued to have decreased the readiness for cooperation between different organizational units. Then again, when the interviewees referred to the silo-like behavior it was usually in a negative sense, implying that silo-like thinking was in the center of antagonistic relationships. In an overall sense, we regard that silo-like thinking created tensions within the organization, and therefore it acted in the center of antagonistic relationships. We then regard that silo-like thinking was highly visible within the organization and its practices. People were quite well aware of the silo-like thinking and the related behavior that occurred in result of it. As a summary, we recognize that silo-like thinking embodied both common characteristics of anchor practices. First of all, it was highly visible within the organization, but also it created tensions and then it could be regarded to situate in the center of antagonistic relationships.

In this study we answered to the call of Ahrens (2018, pp. 83) to examine “the extent to which the functioning of anchor practices varies in different organizational contexts, such as businesses with different intensities of competition”. This is as our case company operated in a fairly mature and stable automotive industry, which was quite different organizational context compared to Ahrens (2018) case company R that operated within banking industry.

We hypothesize that the aspect that our company operated within a mature market might have had an impact on that the anchor practice within our case company was more of the passive nature. Our findings then imply that it is possible that the organizational context, and the level of intensity of competition that the organization faces, may influence on what is the overall nature of emerging anchoring practices within a specific organization. Therefore, we argue that the industrial and organizational context, added with level of intensity of competition, might have affected to that our case company anchor practice was passive in nature. In relation to this, Messner (2016) have noted how a more careful appreciation of industry specifics may produce more detailed and plausible explanations for why accounting is practiced in the way it is practiced within organizations.

Ahrens (2018) case company then had also other characteristics that were different from our case company than which we have already discussed above. In Ahrens (2018) study, the case company bank R had experienced change in its ownership, which had resulted in reductions and rationalization in personnel and in organizational practices. Ahrens (2018) then have also analyzed the study of Roberts (1990), in which financially driven conglomerate called Conglom bought company called ELB and then set financial targets for ELB that were then rising year by year. Ahrens (2018) note that in Roberts (1990) case, Conglom introduced within ELB the anchor practice of reaching aggressive financial targets, which then was smoothed with subsidiary practices that aimed to reduce the antagonism and aggressiveness related to the set financial targets (Ahrens, 2018). When we compare Roberts (1990) and Ahrens (2018) study to our study, it is evident that the case companies of these two studies are quite different from our case company. The most prominent factor in the above-mentioned case companies were that these two case companies, both had an external pressure for change. We regard that in these two case companies the change was put in motion by external factors, which then also influenced on how the anchor and subsidiary practices emerged within these case organizations. This is on the contrary to our case company which did not face any external pressures for change. Our case company rather operated within mature and stable market, and the organization context was such that there was low intensity of competition. As noted before, we view that our case company's stable organizational environment influenced on that the anchor and subsidiary practices appeared to be more of passive nature. We see that anchor practice of silo-like thinking then influenced silently in the background on multiple organizational and cybernetic control practices. In an overall sense, we regard that this stable environment aspect might explain why the nature of

anchor practice in our case company was so different than in Ahrens (2018) and in Roberts (1990) case companies. Then again, another difference to the above-mentioned case companies could be regarded to be that within our organization, the anchor practice was not advocated by the management and then it was not an aspect that was purposefully pursued within the organization.

However, from another viewpoint it could be regarded that the anchor practice was to some extent result of planned actions by the organization. This is because the organizational structure and the way to measure things were both designed in a way that regarded the different units as separate units. Then again, the different units were also benchmarked against each other. These factors can be regarded to have influenced on the emergence of silo-like thinking and behavior. However, it should be noted that the parent company have had probably quite a strong influence on how the case company was structured in the first place. This means that these factors that have possibly influenced on the emergence of the anchor practice were not planned at least by the case organization itself.

Ahrens (2018) have noted that even though the anchor practice was highly bureaucratic in their case company, it may not need to be such in other organizations. In this study we demonstrated that, indeed, anchor practices may also be something else than bureaucratic in nature. Our case findings indicate that anchor practices could also be more on the abstract side, functioning as overarching passive context which influence in overall how the other practices unfold within organizations. We see that within our case company the anchor practice acted as a cultural practice, while in Ahrens (2018) case the anchor practice was rather identified to be a management control practice. In an overall sense, our study can be regarded to have answered to Ahrens (2018, pp. 83) concern of that we know “little about the processes through which anchor practices come to have organizational effects”. In this study we answered to this concern by introducing the management accounting research new insights on the nature of anchor practices operating within organizations. Especially, by highlighting that the anchor practices may also be cultural in nature.

LIMITATIONS OF THE ANCHOR PRACTICES CONCEPT

According to Ahrens (2018), even though the anchor practices can structure organizational activities, they are not by itself able to produce total institutions. This is as “the anchor practice, is still an interdependent bundle or “mesh” of practices and therefore subject to the complexities that arise from the meshed practices” (Schatzki 2002) (Ahrens, 2018, pp. 82). This means that the anchor practices in themselves are not capable to explain the organization as the anchor practices are connected to a myriad of other practices and aspects that exist within the organization (Ahrens, 2018). Then in order to deepen our analysis on the impact of organizational culture on cybernetic controls, in the next section we further analyze the case company’s organizational and cybernetic practices through their structural elements, practical understandings, rules and teleoaffective structures as conceptualized by Schatzki (2002, 2003, 2005, 2006, 2012, 2016b).

5.3 PRACTICE ORGANIZATION AS PRACTICAL UNDERSTANDINGS, RULES, AND TELEOAFFECTIVE STRUCTURES

As we have presented earlier in this thesis, practices and their organizing elements added with the material and technical arrangements are together thought to create the site of the social in which the organizational life transpires (Schatzki, 2005). In this study we focus on the practice organizing elements, even though material and technical arrangements can be considered to be closely linked to practices (Schatzki 2003; 2005). Then we have assumed that practice organizing elements could be described by regarding them to be common to multiple organizational and cybernetic practices. This means that in this study we do not concentrate on single practices, but rather our aim is to recognize if there are such practical understandings, rules, and teleoaffective structures that are shared and then visible within multiple organizational practices. We have taken this approach as based on our empirical evidence multiple organizational practices were somewhat organized, or at least impacted, by common organizing elements.

We identified that organizing elements of multiple organizational and cybernetic control practices were strongly engineering-based. We regard that organization can be said to have embodied a strong inclination towards engineering based practical understandings within multiple practices. While, the rules of multiple practices seemed to be more in line with

engineering-based understandings, rather than for example financial-based understandings. Then again, the teleoaffective structures of multiple organizational practices were identified to be strongly impacted by the case organization's manner in which it measured the performance of individual units. The type of measuring resulted in that within multiple practices the ends and the emotions linked to these ends, concentrated on increasing the performance of the practice participants' own unit rather than aiming on increasing the performance of the company as a whole. In this sense, the teleoaffective structures of multiple practices could be regarded to have led to increased silo-like thinking and behavior. Then again, it could be that silo-like thinking have impacted on these teleoaffective structures.

PRACTICAL UNDERSTANDINGS

Based on empirical evidence, multiple organizational practices embodied engineering-based practical understandings. In an overall sense, the organization and its products were highly engineering-based. We see that this resulted in that most of the personnel dealing with customers and products, had an engineering-based education or otherwise engineering-based viewpoints on multiple aspects. Therefore, we argue that the personnel's know-how was rather engineering than financial-based, which also transmitted into the organizational and cybernetic control practices. We see that the positive side in the engineering-based practical understandings was that personnel were better able to understand and talk with the customers. This is because the customers were usually very engineering-oriented due to the nature of business that the case company operated in. Then again, one of the major downsides related to engineering-based practical understandings was that people did not seem to always understand how different actions influence on the financial aspects, and then on the performance of the company as a whole.

Then in relation to the cybernetic control practices, it can be said that multiple practices related to the budget were influenced by engineering-based practical understandings. This is visible for example in the monitoring of the budget as one of the interviewees noted how the budget makes people review their fixed costs even once in a year, if they have not done that otherwise. While in overall, based on the empirical evidence we regard that monitoring of expenses was not in any way particular emphasized within the organization. Suggesting then that the practice of budget monitoring was impacted rather by engineering-based practical

understandings than financial-based practical understandings. Then in relation to financial and non-financial measurements, it was presumed that in meetings the managers prefer presenting non-financial measures rather than financial measures. The reason for this was presumed to be that the non-financial measures were seen to more directly to be linked to the business. We see that this implies then that financial-based practical understandings were not the governing factors in these meetings.

Multiple people belonging to financial personnel then regarded that it would be beneficial to increase financial-based understandings into multiple aspects within the organization. It was regarded that an increase in financial-based understandings could result in that people would better understand how their actions impact on the organizational big picture. Related to the current organizational practices, it was noted how incorporating people to their own budget creation process increased these people acceptance towards the budget. This implies that by increasing financial-based practical understandings within the budgetary process, the people involved viewed the budget with increased positivity but also assumed increased accountability for the set targets. Then again, one of the interviewees also raised concerns related to a region's decision to discontinue their monthly financial meetings. Interviewee presumed that this was result of reorganization process, and more precisely that there was no longer financial manager in this region to help with the day-to-day financial aspects of the business. The interviewee wondered if people would still be able to recognize their own expenses when these financial meetings are no longer continued. We regard that the above presented concern is related to the perceived decrease in financial-based practical understandings within the regional budgetary processes. In an overall sense, we regard that the comments suggest that multiple organizational and cybernetic control practices had more engineering-based, than financial-based practical understandings. While additionally, multiple interviewees also regarded that organization could have more financial-based understandings incorporated to multiple aspects of the organization.

RULES

We assume that financial-based rules are instructions that advocate measuring, monitoring and finance-based understandings. While the engineering-based rules we view to be instructions and principles that relate to engineering-based understandings. The empirical evidence suggests that the rules within multiple organizational and cybernetic control

practices were quite engineering-based. People were trusted to great lengths and there was no strict monitoring of people. While the empirical evidence further suggested that in some situations people might not have been that interested about their own expenses. One of the interviewees noted how the reason for this might be that the organizational culture does not prioritize that people should keep close eye on their expenses. Then again, the monitoring of sales personnel seemed to be quite mixed as the regional managers were mainly responsible for the monitoring, while no companywide tool existed that could be used for more sophisticated monitoring. Then it was mentioned that the best practices might not transfer inside the organization as there was no culture for this kind of sharing. In an overall sense, the culture then did not seem to prioritize the monitoring of expenses, and neither the sharing of best practices. As a summary, we regard that the rules of multiple organizational and cybernetic control practices were more engineering, than financial-based.

TELEOAFFECTIVE STRUCTURES

We view that multiple organizational and cybernetic control practices were affected by the way the different units were measured and viewed as separate units from each other. We then argue that within multiple of these practices the ends and the emotions linked to these ends, related to improving the profitability and other aspects of the unit that a person belonged to rather than increasing the profitability of the organization as a whole. We see that this was visible within the organization in that people did not always understand very well the other units and their objectives. This implies that people might not have understood in all situating how their actions impact on the corporate level.

We further argue that peoples' ends and the emotions linked to these ends within practices, were different among people with more engineering-based practical understandings and background when compared to financial personnel that had more financial-based practical understandings. We argue that this was especially visible in that these different groups of people had viewpoint differences in relation to the budgetary processes. In other words, we argue that the practice participants' different nature of teleoaffective structures (engineering or financial-based) influenced on how they understood the objectives of the practices, for example within budgeting practices. This is supported by Ahrens et al. (2018, pp. 353), as in their case study they found how the "emotions with which service managers and accountants apply their practical understandings to budgeting can make important

differences to local authority financial practices overall and, specifically, to the ways in which their objectives are understood in the organization and beyond”.

As a summary, we regard that multiple organizational and cybernetic control practices’ ends and the emotions linked to these ends, were impacted by the aim to improve the unit’s performance in which the particular individual operated. We see that this kind of behavior is more in line with engineering-based, than financial based teleoaffective structures. We see that these practices’ teleoaffective structures were not financial-based, as people did not always seem to regard how their actions impacted on the other aspects within the organization. In an overall sense, we argue that the fact that multiple organizational actors had engineering-based background and practical understandings had an influence on that the teleoaffective structures of multiple organizational and cybernetic control practices were also engineering-based.

5.4 PRACTICE MEMORY

We argue that practice memory might also explain why multiple organizational and cybernetic control practices within the case company were more inclined towards engineering-based practical understandings, rules, and teleoaffective structures. As we presented in the literature review section, the endurance of practice-arrangement bundles is regarded to be the default state because people usually strive for existing normativity (Schatzki, 2012). This means that multiple practices within organizations might actually be done in a certain way because they have been done in this specific way in the past. It is regarded that this practice memory in practices becomes visible as “references to past purposes of the practice and associated emotions” (Ahrens & Ferry, 2018, pp. 19). In an overall sense, the concept of practice memory implies that if someone tries to change a practice, the memory related to the past practice might then function as a resisting factor which ultimately keeps the practices from changing.

One of the interviewees regarded the organization as engineering driven, although the interviewee then noted that the overall philosophy has been constantly moving more and more towards a business-driven organization. We then see that the fact that case company operated in a mature market with a stable financial situation decreased the need for change as there was no external pressure for changing the organizational practices. However, we

recognize that in our organization also the practice memory related to the practices might have functioned as resisting aspect that kept the organizational practices from becoming more engineering-based. Practice memory in this sense then might have acted as a factor that was slowing down the change of the practices to more business-driven practices. In an overall sense, we then argue that the concept of practice memory could partly explain why multiple practices within the case company were seen to be done in the same way they had been always done.

6 CONCLUSIONS

6.1 RESEARCH SUMMARY

UNDERSTANDING THE IMPACT OF ORGANIZATION CULTURE ON CYBERNETIC CONTROLS THROUGH CULTURAL ANCHOR PRACTICE

This case study of an automotive company operating in mature market identified that the case company has a constitutive rule, anchor practice, and subsidiary practice. The researcher identified the case company anchor practice to be silo-like thinking and subsidiary practice to be the thought of going well. The silo-like thinking seemed to structure other organizational practices through providing an overarching context in which the other practices operated in (see Ahrens, 2018). The ability of silo-like thinking to structure other practices was identified to be originating from decentralized organizational structure, and especially from how the units were measured, monitored, and rewarded based on their individual performance. Additionally, the emergence of silo-like thinking was identified to be influenced by the organization's practice of giving the individual unit managers to a large extent the freedom to govern their units as they wished, as long as they would reach the set targets. The subsidiary practice, the thought of going well was then identified to maintain the anchor practice in place. This was because organizational actors perceived that there was no external pressure and then no actual reason for changing the organizational and cybernetic control practices.

In this study we then have shown that organizational culture can be described through the concept of anchor practices by Swidler (2001). This is because the concept of anchor practices was able to uncover the underlying and taken-for-granted broad governing cultural factor (organizational culture), which widely affected on how different organizational practices emerged within the case organization. Although, more importantly the findings of this study indicated that the impact of organizational culture on cybernetic controls could be analyzed through the concept of cultural anchor practices. We identified that within our case company the silo-like thinking (anchor practice) and the thought of going well (subsidiary practice) influenced strongly on how the cybernetic control related practices emerged and

became to existence. The silo-like thinking was visible in the organization in that the different units performed different practices very differently compared to each other. This was clearly visible also in cybernetic control practices, such as budgetary processes. Then again, we identified that silo-like thinking impacted also on financial measurements. Especially we regard that in the sense that the availability of these measures and the ways in which these measures were used varied significantly between the different units within the organization. Finally, the good financial situation and the related thought of going well could be regarded to have influenced within the organization in a such a way that there was no pressing need for changing the practices, even if some of these practices were identified to be problematic. We argue then that the thought of going well had organizational effects in terms of that it resisted the change within the organization. We recognize that this resisting of change applied also to change related to cybernetic control practices.

When we relate our case findings to the previous findings on anchor practices in the management accounting context, it can be said that this study provided new insights. First of all, we answered to Ahrens (2018) call of examining the functioning of anchor practices within different organizational contexts which have different intensities of competition. In Ahrens (2018) study, the case company bank R had experienced change in its ownership which led to external pressures and then to rationalization of organizational practices. Then again, we examined anchor practices of a company that had a solid financial situation, operated in a mature industry, and which organization context was such that there was low intensity of competition. In this kind of context, our case company anchor practice was identified to be passive and non-bureaucratic. Therefore, our case findings suggest that the nature of anchor practices may be quite different among businesses that operate in different organizational contexts and which experience different level of intensity in competition. Further, in this study we have given evidence to Ahrens' (2018) hypothesis that, even though, in their case company the anchor practice was highly bureaucratic, the anchor practices might not be this way in other organizations.

Then again, we recognize also that the anchor practice was something that was not consciously put in place or advocated by the organization. Further we see the anchor practice could not be characterized as an organizational objective set by the management, which organizational actors would then try to achieve or live by. On these aspects our anchor practice also differs from the Ahrens (2018) case company's anchor practice, as in their

study the anchor practice of cost management was a clear organizational objective that was communicated inside the organization as important. We argue then that in our case company the anchor practice was more of a cultural anchor practice, rather than an anchor MCS practice as in Ahrens (2018) case. Therefore, in this study we have approached the governing role of an anchor practice from a broader sense than Ahrens (2018). This is because we have identified that within organizations might exist cultural anchor practices that structure other practices. This study then acts as a preliminary case study that has examined in an accounting context organizational culture from the viewpoint of anchor practices.

As a summary, our study findings suggested that organizational culture, and its impact on cybernetic controls could be examined through anchor practices. This is because the anchor practice of silo-like thinking was seen to strongly impact on cybernetic controls practices within the organization. While the subsidiary practice – the thought of going well then reinforced the anchor practice and operated as a factor that decreased the need for change. In an overall sense, this study found that anchor practices can be cultural and of un-bureaucratic and passive character. The anchor practices then may also be something that has not been planned or otherwise put in place deliberately by organization's management. Rather anchor practices may emerge in organizations as socio-cultural phenomena without management's deliberate intention (see Ahrens 2018, pp. 66).

UNDERSTANDING THE IMPACT OF ORGANIZATION CULTURE ON CYBERNETIC CONTROLS THROUGH COMMON PRACTICE ORGANIZING ELEMENTS

In this case study we also used Schatzki's theory of practice, while concentrating on the notion that organizational and cybernetic control practices within the case organization might be organized through practical understandings, rules, and teleoaffective structures that are common to multiple practices. We regard that the above-mentioned concept of anchor practices is capable to describe the organization culture as an overarching context, then only having the ability to explain on a broad organizational level the organizational culture's impact within an organization. Then again, we argue that the concept of practice organizing elements is better suited to explain on a deeper level the ways in which specific practices emerge. We then see that the practice organizing elements concept is also better able to reveal how differences in viewpoints between different subcultural groups may impact on how practices emerge within an organization. In an overall sense, we then see that by using

the concept of practice organizing elements we were able to deepen our analysis on how organizational culture might impact on cybernetic controls.

The findings of this study indicate that the practice organizing elements can be used to describe organizational culture, but also, that these elements can be used to analyze the impact of organizational culture on cybernetic controls. However, it should be noted that in this study we have assumed that multiple organizational and cybernetic control practices share common organizing elements, and further that these broad elements could be analyzed in order to make sense of the impact of organizational culture on cybernetic controls. The findings of this study then indicated that multiple organizational and cybernetic control practices were strongly impacted by engineering-based: practical understandings, rules, and teleoaffective structures. We then argue that the concept of practice organizing elements uncovered different aspects of organizational culture and its impact on cybernetic controls within the case company compared to the previously presented concept of anchor practices. We see that the concept of practice organizing elements is suitable for examining different practices on a deeper level and then it is capable in providing alternative explanations why certain practices emerge in the ways they emerge within organizations. Thus, this model may be regarded to give supplementary information on impact of organizational culture on cybernetic controls, alongside with the concept of anchor practices. In an overall sense, the findings of the case study indicate that the budget and financial measures were impacted, in general, by engineering-based practical understandings, rules, and teleoaffective structures.

Then again, our study gives support to the notion that the concept of practice organizing elements could be used to analyze viewpoint differences of different subcultural groups participating to a practice. In an overall sense, we see that the concept of practice organizing elements could be used in research settings to analyze how the subculture-specific practice elements impact on how different practices actually emerge within an organization. This kind of analysis could also uncover the underlying reasons why a specific practice emerges differently within different organizational groups. In an overall sense, we then argue that this concept could be especially suited to be used in a context in which the case organization does not have a single governing structure, but rather multitude of conflicting structures (see Swidler, 2001). Then again, in this study we also hypothesized that the more engineering-based practices may have been partly result of practice memory. More precisely, we regard that if the past practices have been engineering based within the case organization, then the

practice memory may act as a factor that slows down the change of these practices into more business-driven practices.

As a summary, our study findings then suggest that also the concept of practice organizing elements by Schatzki (2002; 2003; 2005; 2006; 2012; 2016b) could be used to examine organizational culture and its impact on cybernetic controls. We found that this concept provided us a complementary solution on the ways in which organizational culture impacts on cybernetic controls. In an overall sense, multiple organizational and cybernetic control practices' organizing elements were identified to be engineering-based.

CONCEPTS FOR ANALYZING THE IMPACT OF ORGANIZATIONAL CULTURE ON CYBERNETIC CONTROLS

Our preliminary approach was to use the MCSP conceptual framework by Malmi & Brown (2008) to describe the impact of organizational culture on cybernetic controls. However, during the research process we identified that this framework was not adequate in our specific research setting to illustrate the impact of organizational culture on cybernetic controls. This view is supported by King & Clarkson (2015), as they state how Malmi & Brown (2008) typology does not give clear suggestions on how to actually measure control practices. While Otley (2016) have also noted how the model does not focus enough on how the different control elements are interrelated. We then argue that by incorporating the concepts of constitutive rules and anchor practices (Swidler 2001; Ahrens 2018), we were better able to recognize how organizational culture as an overarching aspect impacted on cybernetic controls.

6.2 LIMITATIONS OF THE STUDY

This study is an exploratory and explanatory case study that builds mostly on the initial exploration into constitutive rules and anchor practices in a management control context by Ahrens (2018). The explanatory aspects of this study regarding the impact of organizational culture on cybernetic controls were supplemented with the notion of practices organizing elements by Schatzki (2002; 2003; 2005; 2006; 2012; 2016b). We identify that one of the limitations is especially that the above-mentioned models have not been widely used within the management control literature. In fact, the work of Ahrens (2018) is the first study that

has used the concepts of constitutive rules and anchor practices, while works of Ahrens & Ferry (2018) and Ahrens et al. (2018) are the first studies that have used the concept of practice organizing elements in a management accounting context. This means that there is not much information available on these aspects in the field of management control. Then a more theoretical limitation of this study would be the question if the concepts of constitutive rules, anchor practices, and practice organizing elements are actually capable of illustrating an organizational culture and its impact on management control practices. However, in this study we have aimed to demonstrate that these concepts are suitable for our research setting. Then again, a question can be raised if Schatzki's (2002; 2003; 2005; 2006; 2012; 2016b) notion of practice organizing elements can be used to illustrate the organizing elements of multiple practices on such a broad level that we have used it.

We also acknowledge that one of the limitations in relation to anchor practices is the notion of how the researcher can be sure that the identified anchor practice is actually the only governing practice within the organization. In relation to this, Swidler (2001) has noted that if there is multiplicity, multivocality and contradiction in structures rather than one underlying governing structure, then the analysis of governing structures may lead to a dead end. We argued in this study that we have found the anchor practice; however, it could be that the governing anchor practice was only one of the multitudes of governing structures operating within the organization. This means that the anchor practice we identified in our study might only have been the anchor practice that related to the organizational field that we were able to examine in the scope of this study.

Then another important limitation is that our field study relied on a single organization's empirical evidence. While also in our study we did not analyze the total package of controls within the organization from a holistic point of view, but rather concentrated on the organizational culture and to the cybernetic controls. In this sense, we then might have overlooked some of the important management controls that could have been influencing within the case organization. However, in this study we have discussed of the possible impact of bonus schemes and organizational structure to our empirical evidence. Then in relation to Schatzki's practice theory, it is important to note how practices and material arrangements are thought to be closely related to each other (Schatzki 2003; 2005). Therefore, it can be regarded as a limitation that in our study we have only concentrated on practice organizing elements while leaving material arrangements out of the scope of this

study. This means that our sole focus on practices might have overlooked the impact of material arrangements on organizational culture. A limitation of this study is then also that we have not included into our analysis how material arrangements may have influenced on how cybernetic controls emerged within the case organization.

6.3 SUGGESTIONS FOR FURTHER RESEARCH

We suggest that further research could use the concept of anchor practices to study organizational practices further in other industries and organizational contexts with different levels of intensity in competition. This would provide research information on to what extent the industry and the organizational context impact on the ways in which the anchor practices emerge among different organizations. As an example, a company operating in a fast-paced industry with a high level of competition could be an interesting case company to be used in this kind of research. Then again, in relation to the practice organizing elements, further research could be conducted on subcultures, by examining the differences in viewpoints among subcultures through the concepts of practical understandings, rules, and teleoaffective structures. As an illustration, if a subculture consists of group of people that share a more engineering-based practice organizing elements and another group which consists of people that incline more to a financial-based practice organizing elements, it then could be interesting to analyze what happens when these two groups of people participate in a certain practice together. A researcher then could examine what kind of tensions emerge, and which factors determine the ways in which, for example, budgetary practices eventually unfold. Then again, further research could focus deeper on the impact of practice memory in organizations overall, and how the past ways of doing things impact on how practices currently emerge. Finally, we see that one promising avenue for research would be examining the accounting change using practice theory-based conceptualizations introduced by Schatzki (2001; 2002; 2003; 2005; 2006; 2012; 2016a; 2016b). This kind of research could incorporate analysis of accounting change within a specific case company by examining accounting practices through their organizing elements and material arrangements, while focusing then on the visible changes within these organizing elements and arrangements. The practice organizing elements are thought to influence and condition each other, although, being capable to be in contradiction with each other (Ahrens et al., 2018). Implying then that, the researcher could possibly analyze the root reasons in relation to specific accounting change through examining which of the practice organizing elements:

practical understandings, rules, or teleoaffective structures has been the core reason for the change. However, the researcher should acknowledge that change can also be due to change in practice's material arrangements.

6.4 PRACTICAL IMPLICATIONS

In relation to practical implications, it has been noted that even though human activity cannot be controlled, the organization could create contexts that make certain activities more likely to happen (Schatzki, 2012). Then according to Schatzki (2012), as activity occur within specific contexts, it could be that by altering these contexts it would be possible then to also change the activity (Schatzki, 2012). As noted before, Swidler (2001) have argued that anchor practices provide other practices the context in which they are produced and reproduced. Then in relation to our case, it could be possible that by altering the anchor practice the management of the organization might be able to change the contexts inside the organization, and in such a way make certain activities more likely to be performed.

Then again, from Schatzki's practice theory point of view it seems that organizational reality could be altered through either changing the material arrangements, or the practices and their organizing elements: practical understandings, rules, and teleoaffective structures. Therefore, we see that if the case company would like to for example increase the financial logics in practices, it could be done by: increasing the number of people with financial-based practical understandings in the practices, while at the same time introducing new instructions and principles that increasingly embody financial logics. While, finally the management should think what would make people willing to act in ways that are more in line with financial-based understandings. This refers to that ends that people strive towards and the emotions linked to achieving these ends should be made more in line with financial-based understandings. In an overall sense, we see that managers can better anticipate different organizational events and end results if they have recognized their organization's constitutive rule and anchor practices, but also the material arrangements and the general practice organizing elements that are shared among multiple organizational practices.

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APPENDICES

APPENDIX 1: LIST OF INTERVIEWS

Project manager	1.11.2017	55 min
Services manager	7.11.2017	55 min
Financial manager of Southern region	17.1.2018	60 min
CFO	23.1.2018	30 min
Business controller	25.1.2018	55 min
HR manager	29.1.2018	35 min
Accounting manager	12.2.2018	55 min
Service solutions manager	15.2.2018	45 min
Service solutions manager	16.2.2018	50 min
Controller	16.2.2018	60 min

APPENDIX 2: SEMI-STRUCTURED INTERVIEW TEMPLATE

BACKGROUND INFORMATION

- How long have you been working in the company?
- What is your role or job description? Have you been working in other functions within the organization?
- Could you briefly describe your educational background?

1. THE COMPANY

- 1.1 How would you describe the “essence” of the organization? Do you think that the company and its employees have a distinct “style” that impacts on how things are done here? How would you describe this style?
- 1.2 The things that you described to be visible in the organization’s personnel, are they in your opinion such that they impact on how these people do their work or overall do things in the organization? Do the things that you mentioned influence on your working practices?
- 1.3 Do any other aspects, things or processes come to mind, that are equally or more significant than that you have already mentioned? Do you think that these aspects influence on how you conduct your work? In overall, do you think that they impact on how people act and do their job within the organization?
- 1.4 Are you mostly working with a specific group? How do you think that the group of people you are working with relates to the other groups of people working within the organization?

2. BUDGET, FINANCIAL MEASURES AND NON-FINANCIAL MEASURES

- 2.1 In your opinion, do the things that you described in the section 1.1, influence on budgetary processes within the organization? Do these things influence on how financial and non-financial measures are used within the organization? If they do, how? You can, for example, think in terms of your own function, and possibly relate your function to the other units within the organization.
- 2.2 Do you think that “the way the things are done around here” impacts on the way the budget is used?
- 2.3 Do you see that “the way the things are done around here” impacts on the way the financial measures are used in the organization?
- 2.4 What about the non-financial measures, do you think that “the way the things are done around here” impacts on the way these non-financial measures are used?
- 2.5 Do you think that there are differences in the ways in which financial and non-financial measures are used between different units, functions, and managers? Do you think that different units, functions, or managers have viewpoint differences on how significant these measures are seen? You can describe these aspects based on your experiences.
- 2.6 Do you have in mind any other aspects that you think are relevant in relation to the subjects we have discussed about? In your opinion, what functions well within the organization? Then again, is there difficulties related to some aspects? Do you think that the company in overall has room for improvement in relation to some processes, metrics or other aspects?